

Revised to correct a fund source

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				(\$0 to \$300,000)
CASH FUNDS			\$0 to \$300,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$0 to \$300,000	(\$0 to \$300,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill changes the distribution of the ICF-MR provider tax. Currently the 6% tax is distributed in the following manner: 1) \$55,000 for administration costs, 2) reimbursement of the tax to the facilities paying the tax, 3) \$300,000 for provider rates for non-state ICF-MR facilities, 4) \$312,000 for community-based services for persons with developmental disabilities and 5) the remainder to the general fund. The amount for provider rates is increased to \$600,000 or a lesser amount as available in the ICM-MR Reimbursement Fund. The change in distribution would not occur until FY 12. The increase in provider rates paid from this fund must also meet federal approval for reimbursement of ICF-MRs.

The provider tax is allowed by federal law and was instituted in Nebraska to capture additional federal Medicaid funding. The revenue received by intermediate care facilities is close to 100% from Medicaid. The Medicaid match is usually around 40% general funds and 60% federal funds. The entities which pay the tax are reimbursed for the full amount of the tax. The Beatrice State Developmental Center and Mosaic are the two providers that pay the tax. For the non-state operated facilities, this tax is reimbursed using the Medicaid match. The tax paid by the non-state operated facilities is approximately \$1 million. This results in a gain to the state of approximately \$600,000 (\$1,000,000 X 60%). In the past the repayment to BSDC was also made with Medicaid funds, but BSDC currently is not eligible for Medicaid. The tax and repayment of the tax to BSDC is a wash, i.e. it is paid with 100% general funds and refunded with 100% general funds.

Once BSDC is recertified, additional funding will be available from the tax and the balance of the revenue will be deposited into the general fund under current law. With is this bill, if BSDC is recertified by FY 12, the loss of revenue to the general fund would be \$300,000. If BSDC is not recertified by FY 12, the loss to the general fund would be between zero and up to the amount available in the fund for provider rates, but less than \$300,000.