

**Fiscal Note – 2011-12 Session**

**Bill #:** H2374-0 **Complete Date:** 03/01/12

**Chief Author:** KIFFMEYER, MARY

**Title:** NRSB FAC RATE EQUIALIZATION PROV MOD

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Narrative for SF 1948 / HF 2374**

**Bill Description**

This bill will allow a growing difference in the rates of private-pay residents in nursing facilities compared to the Medicaid (MA) rate; current law makes them equal. Beginning July 1, 2012, the bill states a 2% differential can exist between MA rates and private-pay rates. Beginning October 1, 2013, the differential can increase by another 2%; beginning October 1, 2014, another 2%, etc. There is no end to the 2% annual increase in the differential.

**Assumptions**

The MA impact of a bill allowing a rate differential is based on assuming the increase in private-pay rates will cause private-pay residents to spend their assets faster, thereby increasing MA case load. It is further assumed that a differential between MA and private pay rates that does not exceed 2% annually has no effect on MA caseload.

The increased caseload is not a factor in this fiscal analysis because the differential between MA and private-pay rates is 2% each year.

The costs/savings are adjusted by forecasted changes in resident case-mix scores.

The state share of MA costs/savings is determined by amounts paid by other governmental units:

- the federal share is 50% of the total
- the county share is 2.22% of the non-federal share
- the state share is the total minus the federal share and the county share

Please note that the cumulative effect of all changes resulting from the legislative session may affect when this change may actually be completed. The Department will evaluate system changes and implementation dates for the omnibus package.

**Expenditure and/or Revenue Formula**

- The private pay differential is the current average NF rate increased by 2% each year beginning with the October 1, 2012, rate year. This has no effect on MA caseload as it does not meet the assumed 2% annual increase threshold noted above.

<b>Fiscal Summary (000's)</b>						
<b>Fund</b>	<b>BACT</b>	<b>Description</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
100	33	Equalization differential of 2% per yr.		-0-	-0-	-0-
		Total Net Fiscal Impact		-0-	-0-	-0-
		FTE		-0-	-0-	-0-

**Long-Term Fiscal Considerations**

None

**Local Government Impact**

None

**References/Sources**

DHS data files, bill language

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**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

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