

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 922** HLS 16RS 1419
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 26, 2016 7:12 PM	Author: HENSGENS
Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Provider fee	

NURSING HOMES OR +\$16,928,449 SD RV See Note Page 1 of 1
 Revises provider fees assessed on nursing homes by the Department of Health and Hospitals

Present law provides for certain provider fees (including a fee on every nursing facility. The nursing facility fee shall not exceed \$10 per occupied bed per day.

Proposed law provides the fee for nursing facilities shall not exceed the percentage of net patient revenue service revenues permitted by federal regulation pursuant to 42 CFR 433.68 as determined by DHH on a per occupied bed per day basis.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$16,928,449	\$16,928,449	\$16,928,449	\$16,928,449	\$16,928,449	\$84,642,245
Federal Funds	\$27,927,007	\$27,927,007	\$27,927,007	\$27,927,007	\$27,927,007	\$139,635,035
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$44,855,456	\$44,855,456	\$44,855,456	\$44,855,456	\$44,855,456	\$224,277,280

EXPENDITURE EXPLANATION

In current practice, DHH reimburses nursing facilities through rates the amount of the tax assessed (\$10) to offset the cost of the tax. To the extent DHH continues this current practice for the additional \$1.80, the department would increase nursing home rates by a total of \$12,409,400 in FY 17, based on a projected 6,894,111 Medicaid bed days.

REVENUE EXPLANATION

Currently, DHH collects a provider fee for healthcare services provided on every nursing home facility. The current fee is \$10 per occupied bed per day. The department projects this measure will increase the fee by \$1.80 to \$11.80 per bed per day. Based on the current projection of the number of occupied nursing facility bed days for FY 16 (9,404,694), this measure will generate approximately \$16.9 M in statutory dedication revenue in FY 17. The fee is anticipated to be deposited into the Medical Assistance Trust Fund (MATF) in the treasury. The fee will be utilized to draw down federal financial participation. Based on the federal medical assistance percentage (FMAP) for FY 17, estimated federal matching funds for FY 17 total \$27,927,007. See illustration below.

9,404,694 bed days x 1.80 = \$16,928,449 (new provider fee revenue)
 \$27,927,007 (federal match at 62.26% FMAP)
 \$44,855,456 (Total new revenue)

Note: In current practice, DHH reimburses the nursing facilities the amount of the fee currently assessed (\$10) in the reimbursement rates to offset the cost to the tax to the facilities. To the extent DHH continues this current practice for the additional \$1.80 fee increase, the department would essentially net the federal matching funds only.

- | | | |
|--|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

John D. Carpenter
John D. Carpenter
Legislative Fiscal Officer