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## FISCAL IMPACT REPORT

**SPONSOR** Aragon                      **DATE TYPED** 2-12-2003                      **HB** \_\_\_\_\_

**SHORT TITLE** Health Facility Daily Bed Surcharge                      **SB** 385/aSPAC

**ANALYST** Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	22,500.0	22,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates HB 395  
Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Response Received From  
Human Services Department

### SUMMARY

#### Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment deletes the bill’s original daily bed surcharge rate language and substitutes new language imposing a “daily bed surcharge” on licensed nursing home, licensed intermediate care facilities for the mentally retarded, and licensed residential treatment centers. By June 1 each year, the Human Services Department determines the rate for the following year and notifies the Taxation and Revenue Department as well as all affected facilities. The rate must be uniform to the degree that federal regulations allow, and should be structured so that the total revenue raised is equal to 6 percent of prior year revenues.

### FISCAL IMPLICATIONS

The Human Services Department estimates that an average surcharge rate of 6 percent per facility equates to a per occupied bed per day rate of \$8.82, and the surcharge will increase revenues by about \$22.5 million. The estimate is based on the following calculation: \$8.82 multiplied by 6,986 beds by 365 days.

Synopsis of Original Bill

Senate Bill 385 imposes a “daily bed surcharge” on licensed nursing home, licensed intermediate care facilities for the mentally retarded, and licensed residential treatment centers. The surcharge may not exceed either 6 percent of total annual gross receipts, or \$8.82 per day per occupied bed. The Tax Administration Act is amended to include the daily bed surcharge. The surcharge is paid monthly and remitted to the Taxation and Revenue Department. Receipts from the daily bed surcharge are distributed to the general fund and earmarked for the medicaid program.

The bill also requires HSD to study the feasibility of applying for a federal waiver exempting medicare and private care beds from the daily bed surcharge.

The bill has an effective date of July 1, 2004. It also carries a delayed repeal of June 30, 2007.

**ADMINISTRATIVE IMPLICATIONS**

This bill adds the daily bed surcharge to the set of taxes administered by the Taxation and Revenue Department. It may have an administrative impact on the department, but the department has not submitted an FIR at this time.

**SUBSTANTIVE ISSUE**

The bill earmarks the additional revenue for the Medicaid program. It should be noted, however, that both the revenue and proposed spending form part of the general fund.

**BT/lg**