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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/01/06

SPONSOR Altamirano LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

NURSING CARE FOR MENTALLY

SHORT TITLE RETARDED SB 666

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ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$3,200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HB704

Relates to Appropriation in the General Appropriation Act

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$8,200.0		Recurring	Federal Medicaid

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

### SUMMARY

Senate Bill 666 appropriates \$3.2 million from the general fund to the Human Services Department for the purpose of providing monthly supplemental reimbursement to Medicaid certified nursing facilities and intermediate care facilities for the mentally retarded to cover the cost of staffing recruitment, retention, wages and benefits and other operating expenses. Supplemental reimbursement amounts per facility shall be based on a rate that is equivalent to five percent of the monthly Medicaid payment per facility.

**FISCAL IMPLICATIONS**

The appropriation of \$3.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

**SIGNIFICANT ISSUES**

During each month of FY07, each NF and ICF MR would be reimbursed their current rate and the monthly supplemental amount. HSD indicates that at the end of FY07 these facilities are already scheduled to have their rates rebased. The rebasing of rates is determined in part by the amounts being reimbursed during the months of FY07. This regularly scheduled rebasing of the facility rates for FY08 would normally result in some increase to the facility rates. However, the monthly supplemental amounts that HB 704 proposes to pay the facilities during the months of FY07 could be considered in the FY08 rebasing of rates. Consequently, the monthly supplemental payments would likely result in an additional increase in the facility rates for FY08 beyond the increase the facilities would normally receive in the rebasing already scheduled for FY08.

The appropriation will be matched with federal funds to make available an additional \$8.2 million for a total of \$11.4 million. The appropriation will result in a corresponding budget increase in succeeding years in the base Medicaid budget.

**POSSIBLE QUESTIONS**

Why is only this particular set of providers singled out for an increase when almost no Medicaid provider has had an increase for the past several years?

MW/yr