

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-3832/1	Introduction Number AB-802
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Description
 Supplemental Medical Assistance payments to county and municipal nursing homes and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.435 (4) (wm)	

Agency/Prepared By	Authorized Signature	Date
DHFS/ Lori Richter (608) 266-5422	Andy Forsaith (608) 266-7684	11/15/2005

Fiscal Estimate Narratives

DHFS 11/16/2005

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Description Supplemental Medical Assistance payments to county and municipal nursing homes and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Currently, nursing homes receive a daily rate for providing nursing home care to Medicaid (MA) recipients. County and municipal homes also receive \$37.1 million in supplemental payments. Even with the supplemental payments, county and municipal nursing homes will incur costs in excess of their MA payments. The state is able to claim federal MA revenue for these costs, up to the Medicare Upper Payment Limit for nursing homes. The 2005-07 budget (Act 25) anticipates federal matching funds of \$47 million in FY 06 and \$42 million in FY 07, based on deficits and certified public expenditures (CPEs) of county and municipal nursing homes. These additional federal revenues are required to be deposited into the MA Trust Fund as segregated (SEG) revenues. This bill provides that if the state receives more federal matching funds to county and municipal homes than anticipated as revenue in any given year, it must disburse those additional funds back to county and municipal homes.

Payments to county and municipal homes as a result of this bill would not be eligible for additional federal matching funds, since CPE claims in a given year would already maximize any allowable federal claims. Therefore, all supplemental funds provided through this bill would be 100% SEG funds. Using SEG funds in this manner precludes using the anticipated additional \$2,209,272 as state match for other services, which could generate additional federal matching funds of \$3.1 million.

The preliminary estimate of SFY 06 operating deficits for non-state government nursing facilities and ICFs-MR is approximately \$85.1 million. This would imply federal CPE matching funds of \$49,094,000, which is \$2,209,272 higher than budgeted under Act 25. This amount is the Department's preliminary estimate of the additional funds that would be available for supplemental payments. The CPE claim for SFY 06 will be based on cost reports that will not be received until December 1, 2005. Since the current estimate for FY 06 is higher than the Act 25 estimate, one might also expect a similar surplus relative to the Act 25 budget amount for FY 07.

Going forward, it is uncertain if there would be any surplus funds available for additional supplemental payments to county and municipal nursing facilities and ICFs-MR. It would depend upon the facilities' operating deficits, the Medicare Upper Limit, and budgeted revenues in any given year.

Any additional administrative costs to the department as a result of this bill will be minimal and can be absorbed by the Department. It is estimated that county and municipal nursing homes would received additional payments of \$2,209,272 in FY 06 and FY 07, and may receive additional payments in subsequent years.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Supplemental Medical Assistance payments to county and municipal nursing homes and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Preliminary information suggests additional payments of \$2.2 million in FY 06 and FY 07.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Lori Richter (608) 266-5422		Andy Forsaith (608) 266-7684	11/15/2005