

Fiscal Estimate Narratives

DHFS 2/15/2006

LRB Number 05-4094/2	Introduction Number SB-547	Estimate Type Original
Description Requiring the Department of Health and Family Services to treat 4 counties as one labor region for purposes of Medical Assistance nursing home reimbursement		

Assumptions Used in Arriving at Fiscal Estimate

Currently, nursing homes receive a daily rate for providing nursing home care to Medicaid (MA) recipients. The methodology for determining rates is based on a formula suggested by the nursing home industry, which has been used since 2001. According to the methodology, rates are adjusted to account for labor region cost differentials. Dane, Iowa, and Columbia Counties are currently one labor region. Sauk County is currently part of the Rural Counties labor region. This bill requires the Department of Health and Family Services (DHFS) to treat the counties of Dane, Iowa, Columbia, and Sauk as a single labor region for MA nursing home reimbursement.

There would not be any net state fiscal impact on nursing home expenditures under MA, since the labor factor are indexed based on funds available. The labor factor only affects the distribution of MA payments among homes. The effect on individual homes in the new labor region composed of the Counties of Dane, Columbia, Iowa, and Sauk would vary by county. Likely, revenue for homes in Dane, Iowa, and Columbia Counties would decrease and would increase for those in Sauk County. In order to calculate the precise impact, the Department would need additional time to re-run the labor region scenarios using the new labor region.

There would not be any additional administrative costs to the department as a result of this bill. There would be a negative revenue effect on county homes in Dane, Iowa, and Columbia counties and a positive revenue effect for county homes in Sauk County as a result of the new labor region.

Long-Range Fiscal Implications