

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 07-0025  
**Prime Sponsor(s):** Sen. Taylor  
 Rep. Balmer

**Date:** January 9, 2007  
**Bill Status:** Senate Health & Human Services  
**Fiscal Analyst:** Amy Larsen (303-866-3488)

**TITLE:** CONCERNING THE APPROPRIATION OF FUNDS TO THE CENTRAL FUND FOR STATE NURSING HOMES.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
<b>NET TOTAL</b>		
State Revenue	\$0	\$0
State Expenditures	\$3,994,660	\$3,994,660
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>State Revenue Detail</b>		
Cash Funds Exempt (Transfer from the General Fund)		
Central Fund for State Nursing Homes	\$3,994,660	\$3,994,660
<b>State Expenditures Detail</b>		
General Fund Transfer	\$3,994,660	\$3,994,660
Cash Funds Exempt		
Central Fund for State Nursing Homes	\$3,994,660	\$3,994,660
<b>Effective Date:</b> July 1, 2007		
<b>Appropriation Summary for FY 2007-2008:</b> See the appropriations section of the fiscal note.		

**Summary of Legislation**

This Legislative Oversight Committee on State and Veterans Nursing Homes bill requires the General Assembly to annually appropriate up to 10 percent of the previous year's gross revenue of state and veterans nursing homes from the General Fund to the Central Fund for State Nursing Homes. The funds are to be used for operation expenses and capital improvements.

**Background**

The Department of Human Services, Division of State and Veterans Nursing Homes, oversees six state-owned facilities which provide skilled nursing care primarily to honorably discharged veterans and their spouses or widows. In general, the homes are funded through patient, pension, Medicaid, and Veteran's Administration payments for care. Section 26-12-110, C.R.S.,

provides that state nursing homes shall constitute an enterprise under TABOR so long as the conditions defining an enterprise are met, including a 10 percent limitation on state and/or local funding.

The department also oversees the Homelake Domiciliary, an assisted living facility for up to 46 residents. This facility does not have enterprise status and receives ongoing General Fund support (\$176,154 in FY 2006-07). This bill is not expected to impact the Homelake Domiciliary.

**State Revenue**

This bill does not generate any new revenue. However, an appropriation from the General Fund will increase revenue to the Central Fund for State Nursing Homes by up to \$3,994,660 each year.

**State Expenditures**

This bill will increase state expenditures up to \$3,994,660 from the General Fund and a like amount from the Central Fund for State Nursing Homes each year. Starting with FY 2007-08, the bill requires the General Assembly to appropriate up to 10 percent of the previous year's gross revenue of state and veterans nursing homes from the General Fund to the Central Fund for State Nursing Homes. Table 1 shows the calculations used to determine the funding increase of \$3,994,660.

<b>Table 1. Potential Funding Increase for State Nursing Homes</b>		
	<b>FY 2007-08</b>	<b>FY 2008-09</b>
FY 2005-06 Gross Revenue	\$43,859,129	\$43,859,129
10% Threshold	4,385,913	4,385,913
Less FY 2006-07 GF Appropriations	(391,253)	(391,253)
<b>Potential Funding Increase</b>	<b>\$3,994,660</b>	<b>\$3,994,660</b>

These calculations assume that gross revenue will remain constant and no capital construction requests will be funded in FY 2007-08 and FY 2008-09. For FY 2006-07, \$391,253 was appropriated to state and veterans nursing homes for consulting services. The fiscal notes assumes that total state funding will not exceed 10 percent of the nursing homes' gross revenue in order for the nursing homes to maintain TABOR enterprise status. Thus, funding is expected to increase by up to \$3,994,660.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

For FY 2006-07, the state nursing homes with enterprise status are expected to receive indirect support of \$489,329 from the General Fund.

### **State Appropriations**

The fiscal note indicates that the Department of Human Services should receive an appropriation of up to \$3,994,660 from the General Fund to the Central Fund for State Nursing Homes. Since the department has ongoing spending authority for the Central Fund for State Nursing Homes, further appropriations are not required.

### **Departments Contacted**

Human Services