



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

**Drafting Number:** LLS 12-0890  
**Prime Sponsor(s):** Rep. Becker  
 Sen. Lambert

**Date:** April 4, 2012  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING A REDUCTION IN THE GENERAL FUND PORTION OF THE PER DIEM RATES PAID TO NURSING FACILITIES, AND MAKING AN APPROPRIATION THEREFOR.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>		
<b>State Expenditures</b>	<u>(\$9,024,676)</u>	<u>(\$9,320,345)</u>
General Fund	(4,512,338)	(4,660,173)
Federal Funds	(4,512,338)	(4,660,172)
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2012-2013:</b> The bill reduces appropriations to the Department of Health Care Policy and Financing for medical services premiums by \$9,024,676, including \$4,512,338 General Fund and \$4,512,338 federal funds.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

**Recommended by the Joint Budget Committee,** this bill reduces the General Fund portion of per diem rates paid to Medicaid nursing facility providers by 1.5 percent. The change takes effect beginning in FY 2012-13 and applies to each fiscal year thereafter. The Department of Health Care Policy and Financing (DHCPF) is authorized, but not required, to increase the supplemental Medicaid payment as long as the provider fee does not exceed the amount specified in current law.

**Background**

This bill indefinitely extends Senate Bill 11-215, which reduced state expenditures by \$8,865,830 for FY 2011-12 only. Nursing facilities are reimbursed under Medicaid in two ways. First, the state pays per diem rates based on four cost components: direct and indirect health care services, raw food, administrative and general services, and fair rental allowance. Per diem payments are made by the DHCPF with General Fund moneys matched by federal funds.

Second, the state provides nursing facilities with supplemental payments. These payments may include reimbursement for administrative and general services; per diem rates for direct and indirect care, capital assets, and performance quality; increased per diem payments for clients with severe mental health conditions; and reimbursements for speech therapy services. Supplemental payments are funded by cash funds augmented with matching federal funds. Cash fund revenue is generated from the Nursing Facility Provider Fee, established under House Bill 08-1114. Under current law, nursing facilities are assessed a fee, capped at \$12.00 per non Medicare-resident day, plus inflation. In FY 2012-13, this fee is anticipated to be \$1.95 for facilities with more than 55,000 non Medicare-resident days and \$12.67 for all other facilities. Fees are used for making supplemental payments to Medicaid nursing facilities, administrative costs related to the fee, and to limit growth of General Fund expenditures to 3 percent annually.

### **State Expenditures**

For FY 2012-13, this bill will reduce state expenditures by \$9,024,676, including \$4,512,338 General Fund and \$4,512,338 federal funds. In FY 2013-14, the reduction is estimated as \$9,320,345, including \$4,660,173 General Fund and \$4,660,172 federal funds. These savings are achieved by reducing the General Fund share of per diem rates for Medicaid nursing facility providers by 1.5 percent, which results in a corresponding reduction of federal funds.

### **State Appropriations**

For FY 2012-13, the bill reduces appropriations to the Department of Health Care Policy and Financing for medical services premiums by \$9,024,676, including \$4,512,338 General Fund and \$4,512,338 federal funds.

### **Departments Contacted**

Health Care Policy and Financing

Joint Budget Committee