

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0906	Date: March 12, 2014
Prime Sponsor(s): Sen. Tochtrop Rep. Young	Bill Status: Senate Health & Human Services
	Fiscal Analyst: Lauren Schreier (303-866-3523)

SHORT TITLE: NURSING HOME INNOVATIONS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$165,000</u>	<u>\$165,000</u>
Cash Funds	165,000	165,000
FTE Position Change		
Appropriation Required: \$165,000 - HCPF (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Fines levied on nursing facilities are used to provide nursing home innovation grants. The bill modifies how this fine revenue may be used and makes numerous changes to the Nursing Home Innovation Grant Program, by:

- requiring a minimum annual grant amount of up to \$250,000, based on whether the fund balance is greater than \$2 million on July 1 of that fiscal year;
- renaming the current Nursing Facility Culture Change Accountability Board to the Nursing Home Innovations Grant Board (board) and establishing the new composition of the ten member board by September 1, 2014;
- awarding grants for measures intended to foster innovation and directly improve the quality of life and care provided at nursing home facilities;
- clarifying that all grant-funded work products are the intellectual property of the state and must be made available to all nursing homes in the state;
- supporting initiatives in line with the measures promoted by the federal Centers for Medicare and Medicaid Services;
- limiting administrative costs paid to the board to \$10,000 per year; and
- extending the sunset date of the board to September 1, 2021.

Background

House Bill 09-1196 allowed for the use of moneys in the Nursing Home Penalty Cash Fund to improve the quality of life for nursing home residents. The grant program is jointly administered by the Department of Health Care Policy and Financing (HCPF) and the Department of Public Health and Environment (DPHE). House Bill 09-1196 required the HCPF to distribute up to 25 percent of moneys deposited into the fund in future fiscal years. The bill also created the

ten-member Nursing Facility Culture Change Accountability Board to oversee the fund. As of July 1, 2014, the estimated beginning fund balance is \$2.7 million, which is expected to increase to \$3 million by July 1, 2015. In FY 2013-14, the HCPF awarded \$85,000 in grants. The HCPF budget request for FY 2014-15 includes continued grant spending of \$85,000 in FY 2014-15 and future fiscal years.

State Expenditures

State cash fund expenditures will increase by \$165,000 in the HCPF for FY 2014-15 and future fiscal years. The bill also increases workload for the HCPF and the DPHE by a minimal amount.

Nursing home innovations grants. Based on current grant award and fund balance levels, the bill increases grant funding by appropriating \$165,000 per year beginning in FY 2014-15. This increase is based on increasing grants awarded from \$85,000 to \$250,000, or \$165,000 in new expenditures. Assuming the FY 2014-15 Long Bill includes spending authority that reflects current grant program spending levels, the bill requires additional spending authority from the fund to meet its requirements.

Department of Health Care Policy and Financing. The HCPF will provide support to the Nursing Home Innovations Grant Board by adopting rules and procedures to reflect changes in the bill concerning the administration of payments and fund balance. This will increase workload by a minimal amount and does not require new appropriations.

Department of Public Health and Environment. The DPHE will reconfigure its existing grant program activities to reflect changes in the bill, including the new representative appointed to the board. The board member will attend board meetings and evaluate grant applications. This minimal workload increase can occur within the normal course of business and does not require new appropriations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

The bill requires an appropriation of \$165,000 in FY 2014-15 from the Nursing Home Innovations Grant Fund to the Department of Health Care Policy and Financing.

State and Local Government Contacts

Health Care Policy and Financing

Public Health and Environment