

FISCAL NOTE
Requested by Legislative Council
12/16/2010

Bill/Resolution No.: SB 2043

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,735,750		
Expenditures			\$2,735,750	\$2,735,750		
Appropriations			\$2,735,750	\$2,735,750		

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This Bill requires the Department to implement a prospective payment pilot project for developmental disabilities service providers. The pilot project would transform the existing cost-based reimbursement system to a prospective payment system.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The assumption is that the pilot project would include 1/4 of the developmental disabilities service providers. With the pilot project providers, the State would replace the existing cost-based system with prospective rates for services using an independent rate-setting process.

The State would contract with a consultant to implement the rate-setting process. In addition, the State would contract for a team of assessors to do Supports Intensity Scale (SIS) interviews and to perform the initial SIS assessments for the adults and children to be served by the providers included in the pilot project.

Initially there will be no administrative cost savings realized within the Department's budget because the current cost-based payment system will need to remain in place for the providers not included in the pilot project.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The other funds revenue is a result of the additional Medicaid funding the state will be able to access.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The fiscal impact is for the Department to enter into a contract or contracts with a rate-setting consultant and a team of SIS assessors for a total cost of \$5,471,500. The cost estimate is based on the amounts in the Burns and Associate report presented to the Long-Term Care Committee during the 2009-2010 interim.

The cost is shared equally between federal and state dollars.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The funding needed for the Department to implement the pilot project is not included in the Executive Budget; therefore the Department would need an appropriation of \$5,471,500 of which \$2,735,750 would be general fund and \$2,735,750 would be federal funds.

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