

FISCAL NOTE
Requested by Legislative Council
01/16/2017

Bill/Resolution No.: HB 1375

- 1 A. **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.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$(1,356,462)		\$(1,356,462)
Expenditures			\$1,373,962	\$(1,356,462)	\$1,356,462	\$(1,356,462)
Appropriations			\$1,373,962	\$(1,356,462)	\$1,356,462	\$(1,356,462)

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

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

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

HB 1375 will not allow the Department of Human Services (Department) to seek payment from recipients or patients for care and treatment at the state hospital after 5 years have lapsed since the charges were incurred or collect more than \$25,000 from any recipient or patient.

- 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 Department estimates that approximately 10% of estate collections for care and treatment are for charges incurred within the last 5 years, or are for recipients or patients with charges under \$25,000 in total. If this bill is adopted, it is assumed that an additional 1/3 of all private pay collections would not be collected. The estimated loss in revenue that would need to be replaced with general fund in both the 17-19 biennium and 19-21 biennium is \$1,356,462.

The average daily rate for inpatient services at the State Hospital is \$486.84 for calendar year (CY) 2016. Based upon CY 2016 rates, the total days a recipient or patient may be charged for care and treatment under this bill is 51 days, assuming no other charges are incurred for items such as medications, or care provided by external health care providers. The average stay of a patient at the State Hospital is 55 days.

The fiscal impact assumes the Department would continue to bill 3rd party payers such as Medicare or insurance companies the full charges of care and treatment for the patient or recipient.

The estimate does not include assumptions related to clients choosing to not pay until the five years would be reached.

The Department will incur \$17,500 in additional IT cost for changes to computer software for this policy change.

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 Department would have an estimated loss in revenue in both the 17-19 and 19-21 biennium of \$1,356,462 for not having the ability to collect charges of patients or recipients for care and treatment at the State Hospital after 5 years have passed since the charges were incurred and limiting charges that could be collected to \$25,000 per recipient or patient for the care and treatment they received.

It is assumed the Department would continue to bill 3rd party payers such as Medicare or insurance companies the full charges of care and treatment for the patient or recipient.

The estimate does not include assumptions related to clients choosing to not pay until the five years would be reached.

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 Department estimates an increase of \$1,373,962 in general fund expenditures and a decrease of \$1,356,462 in other fund expenditures in both the executive budget recommendation (HB 1072) and the base level budget (HB 1012) for the 2017-2019 biennium assuming the Department would continue to bill 3rd party payers.

For the 19-21 biennium the Department also estimates an increase of \$1,356,462 in general fund expenditures and a decrease of (\$1,356,462) in other fund expenditures assuming the Department would continue to bill 3rd party payers.

In addition to 1,356,462 in lost revenue, the Department will incur \$17,500 in additional IT cost for changes to computer software for this policy change.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Department estimates it would need a general fund appropriation increase of \$1,373,962 and a decrease in other fund appropriation of \$1,356,462 for the 2017-2019 biennium for both the executive budget recommendation (HB 1072) and the base level budget (HB 1012) for lost revenue at the State Hospital.

For the 19-21 biennium the Department estimates a general fund appropriation increase of \$1,356,462 and a decrease in other fund appropriation of \$1,356,462 for lost revenue at the State Hospital.

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