

FISCAL NOTE
Requested by Legislative Council
01/21/2019

Bill/Resolution No.: SB 2349

- 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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$83,584,938		\$28,369,223
Expenditures			\$(14,422,883)	\$83,584,938	\$28,369,199	\$28,369,223
Appropriations			\$(14,422,883)	\$83,584,938	\$28,369,199	\$28,369,223

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 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).*

SB 2349 requires an assessment on each nursing facility. The fiscal impact was calculated based on the assessment being effective January 1, 2020 pending CMS approval.

- 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.*

See attached "Fiscal Schedule" for a more detailed overview of expenditures. Section 1 of SB 2349 requires an assessment to be imposed on each nursing facility located in the state of North Dakota. Any waiver otherwise available under this code is not applicable to this assessment. The fiscal impact was calculated based on the nursing home assessment effective date of January 1, 2020 pending CMS approval. The assessment, in aggregate, cannot exceed six percent of aggregate net inpatient revenues for the rate year of all nursing facilities. The inflation used in the fiscal impact reflects 3% inflation effective July 2019, January 2020, and January 2021. This assessment amounts to an increase of \$18.81 per day in a nursing facility. The fiscal impact includes the cost of the expenditures listed in SB 2349 for the 19-21 biennium.

The Department projects an increase of \$69,162,055 in total expenditures, of which (\$14,422,883) decrease in general funds. The decrease is due to the utilization from the Long-term care provider assessment trust fund to offset costs for operating margin, incentive, rebasing, and inflation included in the Governor's budget recommendation.

Section 2 of SB 2349 provides an expiration date of July 1, 2021 and therefore would require any remaining balance in the long-term care provider assessment trust fund be distributed proportionally to each nursing facility. The Department estimates a balance of \$14,305,877 that would be distributed from the fund upon expiration. Due to the expiration of the assessment the state share of expenditures in the 21-23 biennium are all general funds.

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.*

See attached "Fiscal Schedule" for a more detailed overview of revenues.

The services provided to Medicaid eligible individuals in nursing homes are eligible to receive Medicaid federal funds based off the Federal Medical Assistance Percentage

The assessment under this chapter must be used only to support expenditures within Nursing Facilities expenditures listed priority order on pages 7 and 8 of SB 2349 (as introduced). The provider assessment will be effective January 1, 2020 pending CMS approval. The revenue will be deposited in the long-term care provider assessment trust fund.

- 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.*

See attached "Fiscal Schedule" for a more detailed overview of expenditures.

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- 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.*

For the 19-21 biennium the Department of Human Services would need appropriation increases to the Executive Budget Request in medical assistance grants of \$54,856,178 of which (\$14,422,883) would be general fund due to utilization of Long-term care provider assessment trust fund.

Section 2 of SB 2349 would sunset this assessment on July 1, 2021.

For the 21-23 biennium the Department of Human Services would need appropriation authority of \$56,738,422 in total, of which \$28,369,199 is general fund in medical assistance grants.

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Date Prepared: 01/29/2019

North Dakota Department of Human Services
Schedule of Fiscal Impact for Senate Bill 2349
2019 - 2021 Biennium

2019 - 2021 Biennium

Expense/Appropriation	Total	Federal/other	State
Nursing Facility provider inflation	\$ 24,625,383	\$ 24,625,383	
Medicaid Grants portion of tax (18 months)	30,230,795	30,230,795	0
Medicaid Grants portion funded with assessment	-	14,422,883	(14,422,883)
Tax Dept refund of excess assessment	14,305,877	14,305,877	
Total	\$ 69,162,055	\$ 83,584,938	\$ (14,422,883)

Revenue			
Nursing Facility provider inflation	12,312,692	12,312,692	
Medicaid Grants portion of tax (18 months)	15,115,398	15,115,398	
Tax Department Collection of Assessment	56,156,849	56,156,849	
Total	\$ 83,584,938	\$ 83,584,938	\$ -

2021 - 2023 Biennium

Expense/Appropriation			
Nursing Facility provider inflation	\$ 56,738,422	\$ 28,369,223	\$ 28,369,199
Total	\$ 56,738,422	\$ 28,369,223	\$ 28,369,199

Revenue			
Nursing Facility provider inflation	28,369,223	28,369,223	
Total	\$ 28,369,223	\$ 28,369,223	\$ -