

## Department of Planning and Budget 2005 Fiscal Impact Statement

**1. Bill Number** HB2639

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Hurt**3. Committee:** Health, Welfare, and Institutions.**4. Title:** Medical care facilities certificate of public need

**5. Summary/Purpose:** This bill requires the Commissioner of Health to reissue a Request for Applications for 60 new nursing home or nursing facility beds in Planning District 12 when the scheduled construction date has passed, the company issued a certificate pursuant to a 1997 Request for Applications has not begun construction, and the certificate has expired. The Commissioner may give preference to an applicant who was denied the certificate under the 1997 RFA and who proposes a new facility in the county seat of the county in which the nursing facility granted the previously-issued certificate is located.

**6. Fiscal Impact Estimates are:** Final.**Expenditure Impact:**

<i>Fiscal Year</i>	<i>GF Dollars</i>	<i>NGF Dollars</i>	<i>Positions</i>
2004-05	\$0	0.0	-
2005-06	\$0	\$0	-
2006-07	\$0	\$0	-
2007-08	\$708,942	\$708,942	-
2008-09	\$983,066	\$983,066	-
2009-10	\$1,022,389	\$1,022,389	-
2010-11	\$1,063,284	\$1,063,284	-

**7. Budget amendment necessary:** No, there is no fiscal impact in the current biennium.

**8. Fiscal implications:** Assuming that the bill results in a certificate of public need being granted for 60 nursing home beds, then there would be an impact on the Medicaid program. Given the most recent (2003) nursing home occupancy rate (91.37%) and Medicaid utilization rate (64.47%) and the projected cost per day in FY 06 (\$135.49), the total annual full year equivalent cost would be \$1,890,512 total funds (\$945,256 GF) in FY08 (the chart above assumes only nine months of funding in FY 2008) assuming four percent annual growth in nursing facility rates. This cost estimate above assumes the new beds would not become operational until the September 2007 (according to the Department of Health).

**9. Specific agency or political subdivisions affected:** Department of Medical Assistance Services.

**10. Technical amendment necessary:** None.

**11. Other comments:** These requirements interlock with steps already implemented annually in the licensure/certification program.

This revised fiscal impact statement includes information from the Department of Medical Assistance Services, which was not included in the original.

**Date:** 01/21/05 mst

**Document:** G:\FIS\2005\HB2639.Doc

cc: Secretary of Health and Human Resources