

Testimony
House Bill 1351 – Department of Human Services
House Human Services Committee
Representative Clara Sue Price, Chairman
January 23, 2007

Chairman Price, members of the Human Services Committee, I am Melissa Hauer, an attorney with the Department of Human Services. I appear today to provide information regarding the fiscal note for this bill.

The Department does not believe the current version of House Bill 1351, if enacted, would have a fiscal impact. We understand the intent of the bill is to place hospital, nursing facility, basic care facility, and "other medical expenses of the last illness" ahead of other claims against an estate, including the claim of the State for repayment of Medicaid benefits paid to the deceased recipient or spouse. The bill as drafted, however, does not accomplish that goal because medical assistance pays "hospital, nursing facility, basic care facility, and other medical expenses of the last illness." Because expenses of last illness can include Medicaid benefits paid, the bill, as introduced, would not elevate nursing facility, basic care facility, or the other listed expenses above the priority of the State for its Medicaid claim.

If the intent is to unambiguously address this issue, appropriate language to replace what is now found in page 1, lines 14 and 15, is: "b. Expenses of the last illness, other than those incurred by medical assistance;" If the bill were amended in this way, a fiscal impact to the state of North Dakota would occur. Based on data for the period from July 1, 2003, through December 31, 2006, about \$7,050 was recovered by medical assistance on behalf of ten recipients, or about \$168 per month, that

might otherwise have been used to pay outstanding recipient liability amounts to nursing facilities.

Therefore, if this bill is amended as noted above, and enacted, the state has the potential of losing about \$4,032 in estate recovery during the 2007-2009 biennium. The nursing facilities will cumulatively gain a similar amount in revenue during the same period, and cumulative nursing facility cost reports of bad debts would be reduced by \$4,032.

I would be happy to respond to any questions you may have.