

Testimony
House Bill 1327 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
February 2, 2009

Chairman Weisz, members of the Human Services Committee, I am Maggie Anderson, Director of the Medical Services Division for the Department of Human Services. I am not here in support of this bill, I am here today to provide information regarding House Bill 1327.

The Department understands this bill was introduced to assist the nursing facility in Steele; however, according to information we received from the Department of Health, there are other facilities that meet the criteria set forth in the bill. The fiscal note was prepared for all facilities meeting the criteria.

The Department's 2009-2011 Executive Budget is built on a monthly average of 3,132 Medicaid-occupied nursing facility beds. The beds that would be provided through this bill are not included in the Executive Budget. If additional beds are added to the total statewide licensed bed capacity, the Medicaid program would be expected to have increased expenditures.

Section 1, number 2 indicates that a facility qualifying under this bill would be able to be licensed for up to seventy-five percent of the facility's previous capacity. The Steele nursing home is currently licensed for fifty beds. Seventy-five percent of this is 37 beds. The other facilities impacted by this bill have already decreased licensed bed capacity. The previous occupancy for the other facilities was 38 beds higher; seventy-five percent of this which would result in 29 beds eligible for re-licensure under the provisions of this bill. The total licensed capacity increase that could occur is 66 beds. At a 95% occupancy rate times the statewide

average Medicaid occupancy of 54%, the increased number of beds not currently included in the Executive Budget is 34 (19 beds are related to Steele and 15 beds related to the other facilities.)

The estimated average nursing facility rate for in-state nursing homes, used to prepare the 2009-2011 Executive Budget is \$170.71 per day.

Using the Medicaid occupancy of 34 beds, the daily rate of \$170.71, and 23 months of services in 2009-2011, the total expected increase in Medicaid expenditures for all facilities is \$ 4,057,094, of which \$1,500,313 are general funds. The portion of the \$4.1 million expected increase attributable to Steele is \$2.3 million of which \$.8 million are general funds.

Section 1, Item 2 also indicates the facility must license the new beds by June 1, 2010; however, the beds may be licensed and occupied sooner. The fiscal note is based on an August 1, 2009 occupancy for all beds. For each month prior to June 2010 that a bed is not licensed, approximately \$5,121 per bed can be subtracted.

I would be happy to address any questions that you may have.