

Testimony
House Bill 1433 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
January 26, 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 here today to provide information regarding the fiscal note for House Bill 1433.

I represented the Department of Human Services on the Health Care Task Force that met throughout the summer of 2008. The purpose of the Task Force was to find a solution that would result in Richardton Memorial Hospital (RMH) releasing its designation as a Critical Access Hospital, which is necessary in order for Dickinson St. Joe's to acquire the designation.

RMH cited the current payment limits on nursing facility services as a barrier in transitioning to a skilled nursing facility. The Department offered the idea of a Medicaid supplemental payment. The supplemental payment was included as a dependency in the memorandum of understanding that was signed between Catholic Health Initiatives (the owner of Dickinson St. Joe's) and RMH. The Medicaid regulations allow supplemental payments, up to the Medicare upper payment limit.

The fiscal note for HB 1433 consists of two components.

- (1) The first component is for the estimated costs related to paying the supplemental payment. Medicaid cannot single out a specific provider for this type of payment; however, Medicaid can provide a supplemental payment for specific types of providers of a certain size. The supplemental payment proposed in

HB 1433 is only for licensed nursing facilities that are **non-State government owned** and have fewer than 31 beds. Non-State government owned means city or county owned and the Department is only aware of RMH being interested in meeting this requirement. Therefore, the fiscal note for HB 1433 is solely for RMH. The Medicaid supplemental payment would only be for the Medicaid-eligible individuals in the Richardton nursing home. The supplemental payment would be exempt from the "equalized rate" provisions that govern the regular nursing facility rate setting process. The estimated cost of the supplemental payment for 2009-2011 is \$337,114, of which \$124,665 are other (**city**) funds and \$212,449 are federal funds. There are no general funds being used to support the supplemental payment.

- (2) The second component of the fiscal note is to cover the estimated cost of RMH transitioning to a skilled nursing home. Currently RMH is primarily providing swing-bed services. The average cost of swing-bed services for 2009-2011 is \$164.51 per day and the estimated daily nursing facility rate for RMH is \$172.12. The total impact of this component is \$77,774, of which \$28,761 are general funds, and \$49,013 are federal funds.

In order to implement the supplemental payment, the Department would need to secure approval from the Centers for Medicare and Medicaid Services (CMS). The CMS Regional Administrator also participated on the Health Care Task Force and his office has been helpful during the development of the supplemental payment estimates.

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