

Testimony
House Bill 1170 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
January 22, 2013

Chairman Weisz, members of the Human Services Committee, I am LeeAnn Thiel, Administrator of Medicaid Payment and Reimbursement Services of the Medical Services Division for the Department of Human Services (Department). I am here today to provide information on the fiscal note for House Bill 1170 and the Medicaid Upper Payment Limit.

To prepare the fiscal note, the number of nursing facilities affected was based on a survey conducted by the North Dakota Long Term Care Association, asking facilities if they currently offer health insurance to their employees. The 2013-2015 budgeted cost of group health insurance payments for Medicaid recipients was used for the monthly premium. The estimated impact for 2013-2015 to the Medicaid program for the changes proposed in House Bill 1170 would be \$1,661,844 of which \$830,922 is general funds. The estimated impact to costs for private pay individuals is \$825,870. Both estimates are for a time period of 18 months as nursing facility rates would be affected beginning January 1, 2014. There is no projected cost impact for basic care facilities because it is estimated that the facilities that do not currently offer health insurance to their employees would not be subject to the requirements of the Affordable Care Act.

The federal Medicaid regulations contain a requirement that Medicaid payments to institutional providers, including nursing facilities, in the

aggregate, cannot exceed what Medicare would pay, in the aggregate, for the same care. This is known as the Upper Payment Limit (UPL). The UPL must be calculated yearly for each type of facility: private, state-government owned, and non-state government owned.

Section 2.c of House Bill 1170 will directly impact the UPL for all three types of nursing facilities because a penalty is not an allowable cost under Medicare reasonable cost principles. If this bill and/or the cumulative impact of legislation passed during the 2013 Legislative Assembly results in the UPL being exceeded for one or more of the facility types, the Department will need to reduce the Medicaid rates to comply with the UPL. Subsequently, because of equalized rates, the rates for private pay individuals would be reduced as well.

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