

2758

FISCAL NOTE (Form 2)  
(Office of Fiscal Analysis)  
Analyst: W/EG 6/19/92  
tk  
Version: 3

BILL NUMBER: SHB 5856  
FILE NUMBER:  
AMENDMENTS: House "A"

TITLE: "AN ACT CONCERNING NURSING HOME COSTS"

FAVORABLY REPORTED BY Human Services, Appropriations

EFFECTIVE DATE: 7/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5856

|                  |  |
|------------------|--|
| STATE IMPACT     | Yes, see explanation below   |
| MUNICIPAL IMPACT | None   |
| STATE AGENCY(S)  | Department of Income Maintenance,<br>Department of Health Services |

EXPLANATION OF ESTIMATES:

The fiscal impact resulting from the adoption of this bill as amended is as indicated below:

Section I Minimal savings - The savings results as it is anticipated to extend the length of time a person will be covered by insurance and hence decrease State costs.

Section II Uncertain - The bill as amended requires that priority admission for a nursing home applicant with long-term care insurance be given only when such policy benefits are in accordance with a preferred provider contract between the insurer and the nursing home, except as otherwise provided under federal law. This may limit the applicability of this provision as included in the original bill, but may also encourage such arrangements.

Section III Savings which cannot be quantified at this time. The amount of savings will depend on the extent to which individual payment rates are adjusted to reflect non-private room occupancy.

Section IV The proposed changes in the interest paid on deposits/advance payments may have a minimal impact upon Medicaid eligibility and spend-down.

Section V Savings in the amount of \$3.0 million. The language may contradict current federal requirements.

Section VI Uncertain - Under federal law and regulation, a new nursing home patient must have a doctor's visit once a month for the first three months and once every three months thereafter. To the extent that current practice under the existing State health code results in a greater number of visits, a savings should ensue. The amount of such savings cannot be determined at this time.

Section VII The fiscal impact cannot be determined at this time.

Section VIII Minimal costs associated with the study of the return of sealed, unsecured medication are anticipated, which can be absorbed through the normal operating budgets of the departments involved. To the extent that the study may find more cost effective methods of addressing the disposition of unused medication, potential future savings may ensue. These savings, however, may be offset by adjustments in rebates to drug firms and further adjustments in federal financial participation which cannot be determined at this time.

Section XIX Potential future cost avoidance - Restoration of Medicaid coverage for naturopaths, chiropractors and podiatrists services is anticipated to result in a future cost avoidance to the extent that HCFA would have imposed a higher rate for mandated coverage as the State no longer has a Medicaid rate for this service.

It should be noted that the Department suspended payment for these services in February. Therefore, to the extent that this bill would be passed in a timely manner, no fiscal impact would result.

Finally, any changes in State Medicaid payments will be offset by appropriate adjustments in federal financial participation.

House "A" requires nursing homes to charge long-term care pre-certified policyholders at least 5% less than they charge their other self-pay patients (the original bill specifies 5%) and allows for priority admission of a nursing home applicant with long-term care insurance

if the policy benefits are in accordance with a preferred provider contract between the insurer and the nursing home, except as otherwise provided under federal law. Finally, it makes a change to the interest rates paid for deposits/advance payments for nursing home applicants. It also makes an adjustment to the composition of task force to review unused pharmaceuticals for nursing home patients.

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