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 DATE PREPARED: January 23, 2009
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FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill creates a new category of health facility license, children’s day health services. Services provided in such facilities would be covered by Medicaid. The department is directed to establish rules and regulations prior to January 1, 2010, providing for payment under Medicaid to children’s day health services for all necessary and reasonable costs of providing care.

Currently, there are only two facilities in the state that would meet the definition of a children’s day health service. Child care services with a nursing component are covered by a state plan amendment under private duty nursing. The services are reimbursed based on a fee schedule. This bill would base payments on all necessary and reasonable costs of providing the service. There may be increased costs in shifting from a fee schedule to a cost-based reimbursement, as required by the bill. That impact is unknown at this time. Any additional costs would be paid at the Medicaid match rate of approximately 42% General Funds and 58% federal funds.

Recent communication with the Centers for Medicare and Medicaid have directed the department to change the payments to child care providers so that only the costs above the costs of regular child care are covered.

The new licensing category would also require work to be done on establishing the standards and implementing the rules and regulations. A nurse surveyor consultant would be needed initially. The cost would be approximately \$20,000 in FY 10. There may be the need for additional ongoing costs if more facilities are started. If the number remains at two or a few more, the department should be able to handle the workload within existing resources.

A program specialist would be needed to initially develop the state plan amendment and work with the Centers for Medicare and Medicaid on implementation. The cost would range from \$10,000 to 19,000 in FY 10.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE	1/21/09	PHONE	471-2526
COMMENTS					
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Concur.					