

**UNSOLICITED
EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: June 21, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Medical Services (Expense)		\$10,758,927	\$25,970,837	\$51,941,674
Total	0	\$10,758,927	\$25,970,837	\$51,941,674

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed the reprint of Assembly Bill 237 and determined that it will have a fiscal impact as indicated by the appropriation listed in the bill. A ten percent rate increase has already been authorized for nursing facilities in the DHCFP budget (#3243/3178). This bill would allow for an additional rate increase for a total increase of 24.5% for the upcoming biennium. This percent increase applies to freestanding nursing facilities and is applied to the standard per diem rates for the vent add-on (\$495), and pediatric level I and level II bed days.

The total computable impact of the additional rate increase in FY 24-25 is \$36,729,764. This would be funded by \$9,061,579 in state general funds (\$2,582,157 in FY 24 and \$6,479,422 in FY 25), \$23,703,392 in federal funds (\$7,050,013 in FY 24 and \$16,653,379 in FY 25) and \$3,964,793 in all county funds (\$1,126,757 in FY 24 and \$2,838,036 in FY 25).

Please note in the attached exhibit that the amounts shown in the summary above reflect the costs of both the 10% rate increase as well as the additional rate increase tied to this bill. The second set of tables shows the individual impacts for both a total 24.5% increase as well as the 10% rate increase authorized in the DHCFP budget, with the "Difference" table reflecting the additional costs listed above that are reflected in AB 237. These amounts are reflected in the bill as appropriations.

Name Stacie Weeks
Title Administrator

Fiscal Impact Analysis

Division of Health Care Financing and Policy
 PT 19 Rate Increase
 Analysis Summary

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

Rate Increase Percentage (Total)

24.5%

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$18,178,876	\$11,912,091	\$4,362,954	\$1,903,831
FY25	\$43,881,757	\$28,138,465	\$10,947,989	\$4,795,303
Total	\$62,060,633	\$40,050,556	\$15,310,943	\$6,699,134

Description of Budget Concept

Increase nursing facility rates, including standard, vent, and pediatrics rates. The 24.5% adjustment is applied to the weighted budget neutral per diem rate (\$128.33), the \$495 add-on factor used to calculate vent rates, and the peds level I/II rates listed in Nevada Medicaid State Plan Attachment 4.19-D. ****Please note figures above show the combined rate increases between the 10% authorized in the DHCFP budget and the additional percentage applied tied to this fiscal note. Figures below show the impact of the total 24.5% increase, the 10% increase authorized in the budget, and the difference between the two. The difference is the impact for this bill. ****

Methodology

- 1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:
SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, Revenue codes 0120 and 0123. Data was pulled at a claim level to identify the paid amount per day, which allowed DHCFP to determine the type of bed day (standard, vent, or pediatric).
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.
- 3) A 24.5% adjustment was applied to the bed days in each category.
- 4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 5) Savings of 1% of the rate increase were estimated as the supplemental payment will increase and 1% of the rate increase will return as an administrative cost.
- 6) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).

24.5% Increase**Estimated Fiscal Impact FY24-FY25 Biennium**

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$18,178,876	\$11,912,091	\$4,362,954	\$1,903,831
FY25	\$43,881,757	\$28,138,465	\$10,947,989	\$4,795,303
Total	\$62,060,633	\$40,050,556	\$15,310,943	\$6,699,134

10% Increase**Estimated Fiscal Impact FY24-FY25 Biennium**

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$7,419,949	\$4,862,078	\$1,780,797	\$777,074
FY25	\$17,910,920	\$11,485,086	\$4,468,567	\$1,957,267
Total	\$25,330,869	\$16,347,164	\$6,249,364	\$2,734,341

Difference**Estimated Fiscal Impact FY24-FY25 Biennium**

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$10,758,927	\$7,050,013	\$2,582,157	\$1,126,757
FY25	\$25,970,837	\$16,653,379	\$6,479,422	\$2,838,036
Total	\$36,729,764	\$23,703,392	\$9,061,579	\$3,964,793