

One Hundred Second Legislature - First Session - 2011

Introducer's Statement of Intent

LB600

Chairperson: Senator Kathy Campbell

Committee: Health and Human Services Date of Hearing: March 02, 2011

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 600 is intended to generate additional federal funding for payment of Medicaid rates to Nebraska nursing facilities to partially offset significant projected financial losses resulting from expected Medicaid provider rate reductions for the FY 11-13 biennium. Nursing facilities across Nebraska anticipate that this revenue will help to ensure adequate funding to maintain quality long term care services and access to Medicaid-financed care.

Under federal regulations (42 CFR 433.68), a state may collect an assessment from a class of health care providers, in this case nursing facilities. Once collected, the state pays 100 percent of these assessments back to nursing facilities which under federal law is a state payment to Medicaid providers which qualifies for federal matching funds of 58.44 percent.

Thus, for every \$1 of assessment returned to nursing facilities, the State receives approximately \$1.50 from the federal government for rate enhancements. In aggregate, nursing facilities are reimbursed \$2.50 for every \$1 invested in the program.

Under LB 600, an assessment is made at a rate of \$3.50 for all days of service to Medicaid residents and private-pay residents. Medicare days are exempt as permitted under federal regulations. At this assessment rate, approximately \$14 million in assessments will be deposited into the Nursing Facility Quality Assurance Trust and reimbursed, as required under federal regulations, in proportion to a facility's Medicaid days of service. These reimbursements would qualify for approximately \$20 million in new federal funding which would restore approximately 4 percent of the anticipated 5 percent cut in rates.

According to the National Council of State Legislatures, 46 states have provider assessment programs including Nebraska which currently administers a provider assessment program for ICF/MRs. Thirty-nine states specifically have nursing facility provider assessments in place.

Principal Introducer: _____

Senator Kathy Campbell