

OFFICE OF FISCAL ANALYSIS

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SB-328

AN ACT REQUIRING NURSING HOMES TO SPEND EIGHTY PER CENT OF REVENUE ON DIRECT PATIENT CARE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$	FY 29 \$
Social Services, Dept.	GF - Cost	At least 90,300	At least 90,300	At least 90,300
State Comptroller - Fringe Benefits ¹	GF - Cost	At least 37,700	At least 37,700	At least 37,700
Social Services, Dept.	GF - Potential Savings	None	None	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost to the Department of Social Services (DSS) associated with requiring nursing homes to spend at least 80% of payment sources, including Medicaid and Medicare, on direct care. DSS will incur costs to reflect an additional Associate Accounts Examiner (annual salary of \$90,300 with associated fringe of approximately \$37,700) to meet the requirements of the bill. To the extent DSS requires system modifications, the agency could experience additional costs.

Beginning in FY 29, DSS may incur savings related to lower Medicaid rates paid to any nursing homes not complying with the provisions of

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

the bill. For context, the state share of Medicaid payments to nursing homes is approximately \$700 million annually.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Department of Administrative Services website