

HEALTH CARE FACILITY UTILIZATION FEES

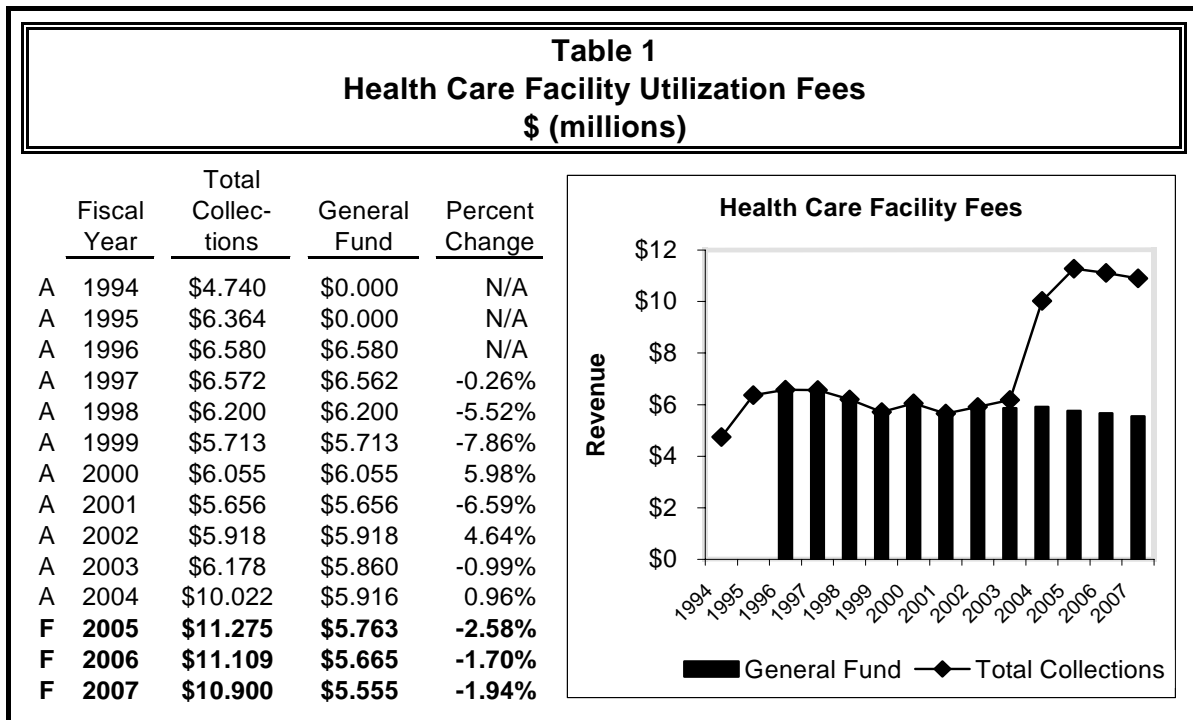
Revenue Description

Montana imposes fees per bed day on nursing facilities and intermediate care facilities for the developmentally disabled. The fee for nursing facilities was \$2.80 per bed day through FY 2002. In FY 2003 the fee was raised to \$4.50, and beginning in FY 2005 it will be \$5.30 (15-60-102, MCA). Through FY 2002, all fees were allocated to the general fund. Beginning in FY 2003, \$2.80 of the fee per day is allocated to the general fund and the remainder is allocated to a state special revenue fund.

The fee for intermediate care facilities for the developmentally disabled is 5% of revenue (15-67-102, MCA). Fees collected from the facilities operated by the Department of Public Health and Human Services are allocated 30% to the general fund and 70% to the prevention and stabilization special revenue fund.

Historical and Projected Revenue

Table 1 shows health care facility fee collections from FY 1994 through FY 2004 and projections for FY 2005 through FY 2007.



Nursing facility fees were enacted in HB 93 of the 1991 legislative session. The fee was \$1 per bed day for FY 1992 and \$2 per bed day for FY 1993 and applied only to

bed days reimbursed by a third-party payer, such as insurance or a public assistance program. All revenue was deposited in the general fund.

HB 333 (1993 session) applied the fee to all bed days beginning in FY 1994. HB 333 also raised the fee to \$2.80 beginning in FY 1995, and allocated all revenue to the nursing facilities fee state special revenue account. SB 83 (1995 session) allocated all revenue to the general fund beginning in FY 1996.

The 2003 legislature passed three bills that changed health care facility fees. HB 705 set the nursing facilities fee at \$4.50 in FY 2004 and \$5.30 beginning in FY 2005 and allocated the additional revenue to the nursing facilities fee account. HB 743 made the Montana Mental Health Nursing Care Center subject to the nursing facility fee and allocated 30% of fees from this facility to the general fund and 70% to a new prevention and stabilization account. HB 722 created a new fee equal to 5% of charges for care that applies only to the Montana Developmental Center. It is allocated 30% to the general fund and 70% to the prevention and stabilization fund.

Forecast Methodology and Projection Calculation

Revenue is estimated separately for fees from private nursing homes, the Montana Mental Health Nursing Care Center (MMHNCC), and the Montana Developmental Center (MDC).

Bed days at private nursing homes and public nursing homes other than MMHNCC and MDC have been decreasing over time as other options have become available for persons who need some assistance but do not require full-time nursing care.

Non-State Facilities

Table 2 shows taxable bed days in FY 1996 through FY 2004 and projected bed days for FY 2005 through FY 2007.

From FY 1996 through FY 2004, taxable bed days declined at an average rate of 2.02%. Bed days are projected to continue to decline at this rate in FY 2005 through FY 2007.

Table 2		
Taxable Bed Days at Non-State Facilities		
<u>Fiscal Year</u>	<u>Taxable Bed Days</u>	<u>Percent Change</u>
A 1996	2,364,601	
A 1997	2,307,955	-2.40%
A 1998	2,242,418	-2.84%
A 1999	2,160,188	-3.67%
A 2000	2,113,805	-2.15%
A 2001	2,083,501	-1.43%
A 2002	2,072,696	-0.52%
A 2003	2,078,448	0.28%
A 2004	2,008,017	-3.39%
F 2005	1,967,405	-2.02%
F 2006	1,927,613	-2.02%
F 2007	1,888,626	-2.02%

Table 3 shows revenue from the bed days projected in Table 2. General fund revenue is calculated by multiplying bed days by the general fund portion of the fee per bed day, \$2.80. Revenue to the nursing facility utilization fee account is calculated by multiplying bed days by the portion of the fee dedicated to this account, \$2.50.

Table 3					
Revenue from Non-State Nursing Facilities					
Fiscal Year	Bed Days	General Fund		Nursing Facility Utilization Fee Account	
		Fee per Bed Day	Collections	Fee per Bed Day	Collections
F 2005	1,967,405	\$2.80	\$5,508,733	\$2.50	\$4,918,511
F 2006	1,927,613	\$2.80	\$5,397,317	\$2.50	\$4,819,033
F 2007	1,888,626	\$2.80	\$5,288,154	\$2.50	\$4,721,566

State Facilities

Table 4 shows revenue from the Montana Mental Health Nursing Care Center. Bed days are forecast by the Department of Public Health and Human Services, which operates the facility. Total collections equal the number of bed days multiplied by the fee per bed day. Thirty percent of collections are allocated to the general fund and 70% are allocated to the prevention and stabilization account.

Table 4						
Nursing Facility Utilization Fee - MMHNCC						
Fiscal Year	MMHNCC Bed Days		Fee per Bed Day	=	Total Collections	Prevention and Stabilization (70%)
						General Fund (30%)
F 2005	25,550	x	\$5.30	=	\$135,415	\$40,625
F 2006	25,550	x	\$5.30	=	\$135,415	\$40,625
F 2007	25,550	x	\$5.30	=	\$135,415	\$40,625

The Montana Developmental Center is the only facility subject to the intermediate care facility utilization fee. The fee is 5% of the cost of care billed to residents and third parties.

Table 5 shows revenue from the Montana Developmental Center. The cost of care is estimated by the Department of Public Health and Human Services, which operates the facility, based on planned numbers of residents and expected costs. Thirty percent of collections are allocated to the general fund and 70% are allocated to the prevention and stabilization account.

Table 5						
Intermediate Care Facility Utilization fee						
Fiscal Year	MDC Cost of Care		Tax Rate	=	Total Collections	Prevention and Stabilization (70%)
		x				General Fund (30%)
F 2005	\$14,249,301	x	5%	=	\$712,465	\$213,740
F 2006	\$15,136,126	x	5%	=	\$756,806	\$227,042
F 2007	\$15,104,377	x	5%	=	\$755,219	\$226,566

Total Collections

Total collections for each fund are calculated by summing the collections from non-state facilities, shown in Table 3, and collections from the two state facilities, shown in Tables 4 and 5. Table 6 shows total projected collections for each fund and the total for all funds.

Table 6							
Total Health Care Facilities Utilization Fee Collections (\$ million)							
Fiscal Year	General Fund		Nursing Facility Utilization Fee Account	+	Prevention and Stabilization Account	=	Total Collections
F 2005	5.763	+	4.919	+	0.594	=	11.275
F 2006	5.665	+	4.819	+	0.625	=	11.109
F 2007	5.555	+	4.722	+	0.623	=	10.900