



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 21-0817
Prime Sponsors: Rep. Lontine
Sen. Fields

Date: March 31, 2021
Bill Status: House Health & Insurance
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Bill Topic: **MEDICAID NURSING FACILITIES DEMONSTRATION OF NEED**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill updates the Medicaid certification process for nursing homes. The bill increases state and local government workload.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF), to develop a new certification process for nursing facilities seeking Medicaid certification on or after June 30, 2021. HCPF must develop, analyze, and enforce a demonstration of need to determine the viability of and required need for each new nursing facility seeking certification. When developing the new certification process, HCPF is required to consider at a minimum:

- data from the State Demography Office showing the present or impending need within the requesting nursing facility's geographic area;
- quality and performance data of the requesting nursing facility or associated nursing facilities;
- business continuity and solvency information of the requesting nursing facility or associated nursing facilities;
- input from the Department of Public Health and Environment; the Department of Local Affairs; the Department of Regulatory Agencies; the Department of Labor and Employment; and any local governments, including cities and counties; and
- measurable innovative practices of the requesting nursing facility.

The State Medical Board in HCPF must promulgate rules to establish criteria for determining a nursing facility's Medicaid certification by June 30, 2022. Finally, HCPF may exempt facilities with five or fewer Medicaid beds from the Medicaid reimbursement methodology and must reimburse those facilities at the statewide average rate.

State Expenditures

Starting in FY 2021-22, workload in HCPF will increase to develop and implement a new certification process and promulgate rules. Other agencies identified in the bill will also have an increase in workload to provide input on the development of the new certification process. The fiscal note assumes that the work can be accomplished within existing appropriations.

Local Government

Like the state agencies noted above, local governments will have an increase in workload to provide input to HCPF in developing the new certification process.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology