

Fiscal Estimate Narratives

DHFS 1/30/2008

LRB Number 07-2565/1	Introduction Number AB-0674	Estimate Type Original
Description The statewide nursing home bed cap and nursing home bed transfers		

Assumptions Used in Arriving at Fiscal Estimate

AB 674 alters state policy regarding licensed nursing home beds in two ways: 1) reducing the maximum number of beds statewide from 51,795 to 42,000, and 2) changing the allowable area for transferring licensed beds from within a bed allocation area or adjoining county to within the same or an adjoining bed allocation area. Neither change should increase either state or local expenses.

The lowered cap on the number of statewide licensed nursing home beds remains above the current number of beds. In December 2007, the Department reported 39,216 licensed beds statewide. The number of beds has been declining and has not exceeded 42,000 since 2002. As a result, the lowered cap should not affect the number of licensed beds or affect the amount of state expenditures for Medicaid services in nursing homes.

The change in the allowable area for transferring licensed beds increases the area for transferring beds, allowing counties and nursing home administrators greater flexibility in managing and moving their licensed beds. The change allows counties and nursing home operators more flexibility to transfer beds to more efficient facilities, to areas where there is more demand for nursing home services, or to a location for a new facility. This greater flexibility might lead to some increase in Medicaid nursing home costs, but it is expected that this would be minimal since there is excess capacity for nursing home beds in general.

Long-Range Fiscal Implications