

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1111-01  
Bill No.: SB 510  
Subject: Federal - State Relations; Health Care; health, Public; Hospitals; Medicaid; Social Services Department  
Type: Original  
Date: March 17, 2003

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2004    | FY 2005    | FY 2006    |
| Federal Reimbursement Allowance*                          | \$0        | \$0        | \$0        |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

**\*Revenues and expenditures of approximately \$545 million annually would net to \$0.**

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>       |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2004    | FY 2005    | FY 2006    |
|  |            |            |            |
|  |            |            |            |
| <b>Total Estimated Net Effect on Other State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> |
| Federal*  |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**\*Revenues and expenditures of approximately \$870 million would net to \$0.**

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2004</b> | <b>FY 2005</b> | <b>FY 2006</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Mental Health** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would not fiscally impact the DMS. The DMS states if the federal reimbursement allowance (FRA) program is not extended, additional funding would be needed to maintain the current level of services.

| <u>FISCAL IMPACT - State Government</u>                             | FY 2004<br>(10 Mo.) | FY 2005                | FY 2006                |
|---|---------------------|------------------------|------------------------|
| <b>FEDERAL REIMBURSEMENT ALLOWANCE FUND</b>                         |                     |                        |                        |
| <u>Income - Department of Social Services</u>                       |                     |                        |                        |
| Assessment of hospitals   | \$0                 | \$409,332,650          | \$545,776,867          |
| <u>Costs - Department of Social Services</u>                        |                     |                        |                        |
| Program specific expenditures                                       | <u>\$0</u>          | <u>(\$409,332,650)</u> | <u>(\$545,776,867)</u> |
| <b>ESTIMATED NET EFFECT ON FEDERAL REIMBURSEMENT ALLOWANCE FUND</b> | <b><u>\$0</u></b>   | <b><u>\$0</u></b>      | <b><u>\$0</u></b>      |
| <b>FEDERAL FUNDS</b>  |                     |                        |                        |
| <u>Income - Department of Social Services</u>                       |                     |                        |                        |
| Medicaid match  | \$0                 | \$653,041,215          | \$870,721,620          |
| <u>Costs - Department of Social Services</u>                        |                     |                        |                        |
| Program specific expenditures                                       | <u>\$0</u>          | <u>(\$653,041,215)</u> | <u>(\$870,721,620)</u> |
| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                        | <b><u>\$0</u></b>   | <b><u>\$0</u></b>      | <b><u>\$0</u></b>      |
| <u>FISCAL IMPACT - Local Government</u>                             | FY 2004<br>(10 Mo.) | FY 2005                | FY 2006                |
|   | <b><u>\$0</u></b>   | <b><u>\$0</u></b>      | <b><u>\$0</u></b>      |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal extends the sunset date for the federal reimbursement allowance for hospitals from September 30, 2004, to September 30, 2006.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Health and Senior Services  
Department of Mental Health



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Director  
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