

Fiscal Note Request HB0749, As Amended by Senate Committee (continued)

5. The cigarette tax allocation is \$41,159 in FY 2006 and \$70,861 in FY 2007.
 - a. FY 2006 - $\$61,000 \times .675 = \$41,159$
 - b. FY 2007 - $\$76,650 \times .678 = \$70,861$
6. The federal Medicaid allocation is \$19,841 in FY 2006 and \$33,710 in FY 2007.
 - a. FY 2006 - $\$61,000 \times .325 = \$19,841$
 - b. FY 2007 - $\$61,000 \times .322 = \$33,710$

Addictive and Mental Disorders Division:

7. The Montana Mental Health Nursing Care Center's (MMHNCC) taxable bed days are estimated to be 25,550 in each FY 2006 and FY 2007. This equates increased costs of \$44,712 in FY 2006 and \$76,650 in FY 2007 ($25,550 \times \$1.75$; $25,550 \times \$3.00$).
8. These costs will be paid with 100 percent general fund.
9. When the tax is collected by the Department of Revenue, 30 percent is deposited to the general fund and 70 percent is deposited to the Prevention and Stabilization state special revenue account.
 - a. General fund revenue is \$13,414 in FY 2006, and \$22,995 in FY 2007.
 - i. FY 2006 - $\$44,712 \times .30 = \$13,414$
 - ii. FY 2007 - $\$76,650 \times .30 = \$22,995$
 - b. Prevention and Stabilization Account revenue is \$31,298 in FY 2006, and \$53,655 in FY 2007.
 - i. FY 2006 - $\$44,712 \times .70 = \$31,298$
 - ii. FY 2007 - $\$76,650 \times .70 = \$53,655$
10. The general fund is reimbursed for Medicaid eligible costs (approximately 61 percent of total costs) at the Federal Medical Assistance Participation (FMAP) rate of 70.71 percent in FY 2006, and 70.08 in FY 2007. The total estimated federal reimbursement is \$19,286 in FY 2006, and \$32,772 in FY 2007.
 - a. FY 2006 - $\$44,712 \times .7071 \times .61 = \$19,286$
 - b. FY 2007 - $\$76,650 \times .7008 \times .61 = \$32,772$

Nursing Homes:

11. Section 2 of the bill appropriates the increased revenues to be matched with Federal Medicaid funding to be used to increase the price paid for Medicaid nursing facility services.
12. There are estimated to be a total of 2,000,000 taxable nursing home bed days in each year of the 2007 biennium.
13. It is estimated that total tax revenue to the State of Montana will be \$3,500,000 in FY 2006 and \$6,000,000 in FY 2007 ($2,000,000 \times \1.75; $2,000,000 \times \$3.00$).
14. The Federal Medical Assistance Participation (FMAP) rate is 70.71 percent in FY 2006 and 70.08 percent in FY 2007. This will result in increased federal revenues of \$8,449,471 in FY 2006 and \$14,053,476 in FY 2007.
 - a. FY 2006 - $\$3,500,000 / .2929 = \$11,949,471 \times .7071 = \$8,449,471$
 - b. FY 2007 - $\$6,000,000 / .2992 = \$20,053,476 \times .7008 = \$14,053,476$.

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$105,712	\$181,221
Benefits	<u>\$11,949,471</u>	<u>\$20,053,476</u>
TOTAL	\$12,055,183	\$20,234,697

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Funding of Expenditures:

General Fund (01)	\$44,712	\$76,650
State Special Revenue (02) Cigarette Tax	\$41,159	\$70,861
State Special Revenue (02) Nursing Home Util. Fee	\$3,500,000	\$6,000,000
Federal Fund (03)	<u>\$8,469,312</u>	<u>\$14,087,186</u>
TOTAL	\$12,055,183	\$20,234,697

Revenues:

General Fund (01)	(\$8,459)	(\$15,099)
State Special Revenue (02) Nursing Home Util. Fee	\$3,500,000	\$6,000,000
State Special Revenue (02) Stabilization Account	\$31,298	\$53,655
Federal Fund (03)	<u>\$8,469,312</u>	<u>\$14,087,186</u>
TOTAL	\$11,992,151	\$20,125,742

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$53,172)	(\$91,749)
State Special Revenue (02) Stabilization Account	\$31,298	\$53,655

TECHNICAL NOTES:

1. State Special and Federal funds for the Nursing Home component of this bill are appropriated in HB 749. Additional funding for the institutions to pay the tax needs to be appropriated, general fund for the Montana Mental Health Nursing Care Center and state special revenue, cigarette tax, for the Montana Veteran's Home.
2. If the state special fund is appropriated for the added tax expense at the Montana Veteran's Home, the general fund will be impacted by the amount of the tax from this bill on the Montana Veteran's Home. This will be caused by the decrease of the balance of cigarette funds that are transferred to the general fund in excess of the \$2 million limit as directed in MCA 16-11-119 (2).