



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0329 - Provide for a statutory adjustment to nursing home reimbursement rates (Lenz, Dennis R)

**Status:** As Introduced

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$1,338,572	\$2,711,946
Federal Special Revenue	\$0	\$0	\$2,524,987	\$5,115,625
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	(\$1,338,572)	(\$2,711,946)

**Description of fiscal impact:** SB 329 requires the Department of Public Health and Human Services (DPHHS) (department) to establish nursing home rate adjustments, a rates analysis and reporting requirements. Costs associated with this bill include an inflationary adjustment to nursing home rates beginning in FY 2026 and the cost of a comprehensive analysis in FY 2028 with long-term impacts.

### FISCAL ANALYSIS

**Assumptions:**

**Traditional Medicaid**

1. For Traditional Medicaid, DPHHS currently projects nursing home costs of \$141,295,085 in FY 2025 based on present law rates. For this analysis, the department uses this amount as its base.
2. The department assumes a 2.6% inflation factor in nursing home rates in FY 2026 and FY 2027. This is based on the most recent estimate of Health Care Cost Review Skilled Nursing Facility Total Market Basket Index rate published by the Centers for Medicare and Medicaid Services (CMS) for FY 2026. This would result in total nursing home reimbursement of \$144,968,757 (\$141,295,085\*1.026) in FY 2026. In FY 2027, the cost would be \$148,737,945 (\$144,968,757\*1.026). This would be an increase over FY 2025 of \$3,673,672 for FY 2026 and a \$7,442,860 increase for FY 2027.

- The benefit expenditures are eligible for the normal Medicaid Federal Medical Assistance Percentage (FMAP) for both FY 2026 and FY 2027 at a 35.92% state, 64.08% federal split.

	Present Law 2025	2026	2027
NH Projection	141,295,085	144,968,757	148,737,945
CMS Market Basket Rate Increase		2.60%	2.60%
<b>Increase over present law</b>		<b>3,673,672</b>	<b>7,442,860</b>
<b>FMAP</b>		<b>2026</b>	<b>2027</b>
State Share		35.92%	35.92%
Federal Share		64.08%	64.08%
<b>Benefits</b>		<b>2026</b>	<b>2027</b>
State Funds		1,319,583	2,673,475
Federal Funds		2,354,089	4,769,385
<b>Total</b>		<b>3,673,672</b>	<b>7,442,860</b>

**Medicaid Expansion**

- For Medicaid Expansion, the department currently projects nursing home reimbursement of \$7,303,346 in FY 2025 based on present law rates. For this analysis the department assumes the same reimbursement in FY 2026 and FY 2027 under present law.
- The department assumes a 2.6% inflation factor in nursing home rates in FY 2026. This is based on the most recent estimate of Health Care Cost Review Skilled Nursing Facility Total Market Basket Index rate published by the Centers for Medicare and Medicaid Services for FY 2026. This would result in total nursing home reimbursement of \$7,493,233 (\$7,303,346\*1.026) in FY 2026 an increase of \$189,887 over FY 2025.
- The department assumes a 2.6% inflation factor in nursing home rates in FY 2027. This is based on the most recent estimate of Health Care Cost Review Skilled Nursing Facility Total Market Basket Index rate published by the Centers for Medicare and Medicaid Services for FY 2027. This would result in total nursing home reimbursement of \$7,688,057 in FY27 (\$7,493,233\*1.026). This would be an increase of \$384,711 as compared to FY 2025.
- The benefit expenditures are eligible for the normal Medicaid Federal Medical Assistance Percentage (FMAP) for both FY 2026 and FY 2027 at a 10% state, 90% federal split.

	Present Law 2025	2026	2027
NH Projection	7,303,346	7,493,233	7,688,057
CMS Market Basket Rate Increase		2.60%	2.60%
<b>Increase over present law</b>		<b>189,887</b>	<b>384,711</b>
<b>FMAP</b>		<b>2026</b>	<b>2027</b>
State Share		10.00%	10.00%
Federal Share		90.00%	90.00%
<b>Benefits</b>		<b>2026</b>	<b>2027</b>
State Share		18,989	38,471
Federal Share		170,898	346,240
<b>Total</b>		<b>189,887</b>	<b>384,711</b>

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Benefits	\$0	\$0	\$3,863,559	\$7,827,571
<b>TOTAL Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,863,559</b>	<b>\$7,827,571</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$1,338,572	\$2,711,946
Federal Special Revenue (03)	\$0	\$0	\$2,524,987	\$5,115,625
<b>TOTAL Funding of Exp.</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,863,559</b>	<b>\$7,827,571</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

General Fund (01)	\$0	\$0	(\$1,338,572)	(\$2,711,946)
Federal Special Revenue (03)	\$0	\$0	(\$2,524,987)	(\$5,115,625)

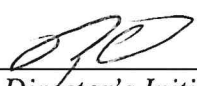
**Long-Term Impacts:**

- SB 329 states the department shall conduct a comprehensive analysis of the cost to provide nursing home services beginning July 1, 2027 and every four years thereafter. It is assumed this review would be a contracted service at a cost of approximately \$253,000 in FY 2028. These costs would be paid for at the Medicaid administration FMAP rate of 50% state share and 50% federal share.

**Technical Notes:**

- The department assumes that Section 1 requires Medicaid reimbursement rates for nursing homes be increased each year that the inflation rate increases.

NO SPONSOR SIGNATURE

	2/21/23		2-20-23
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>