Nursing Facilities Fee

Revenue Description

Utilization fees are assessed on nursing facilities and intermediate care facilities in Montana. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services (DPHHS) and include those operated for profit or non-profit, freestanding or part of another health facility, and may be either publicly or privately owned. Nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements.

Statutory Reference

Tax Rate – Nursing facility utilization fee: 15-60-102, MCA; intermediate care facility utilization fee: 15-67-102(2), MCA
Tax Distribution – Nursing facility utilization fee: 15-60-102, MCA & 15-60-210, MCA; intermediate care facility utilization fee: 15-67-102(3), MCA
Date Due – Nursing facility utilization fee due the last day of the month following the close of the calendar quarter (15-60-201, MCA); intermediate care facility utilization fee due the month following the close of the calendar quarter (15-67-201(1), MCA)

Applicable Tax Rates

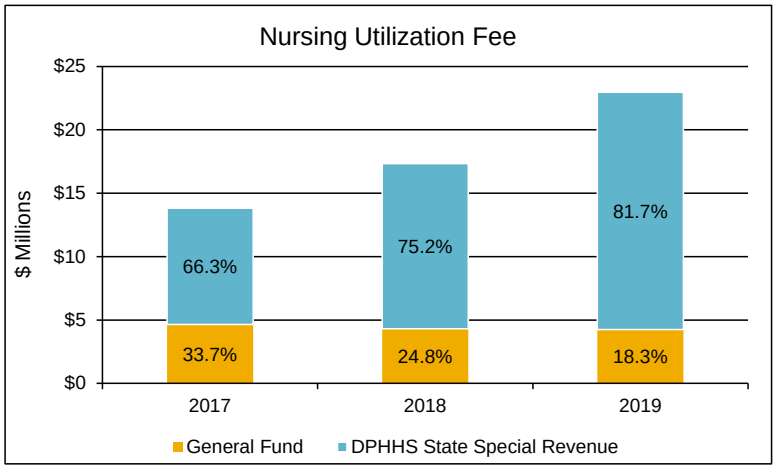
Nursing facility utilization fee: $8.30 per bed day through end of FY 2017. With the passage of HB 618 (2017 Session) the fee will increase to $11.30 per day through FY 2018, and $15.30 per day after July 31, 2018. Intermediate care facility utilization fee: 6% of a facility's quarterly revenue divided by quarterly bed days.

Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

Collection Frequency: Quarterly

Distribution

Nursing facility fee revenue is distributed between the general fund and the DPHHS state special revenue prevention and stabilization fund. The adjacent chart shows the changing distribution of nursing facility fee revenue for FY 2017 to FY 2019.



Summary of Legislative Action:

House Bill 618 increases the utilization fee and provides an appropriation for nursing facilities to increase nursing home reimbursement rates.

Nursing Facilities Fee – Legislation Passed by 65th Legislature General Fund Impact ($ Millions)			
Bill Number and Short Title	FY 2017	FY 2018	FY 2019
HB0618 Increase nursing home bed tax for nursing home rate increases	$0.000	$0.028	$0.066
Total General Fund Impact	$0.000	$0.028	$0.066

Revenue Estimate Methodology

Data

SABHRS data provide a history of nursing facilities fee revenue.

Analysis

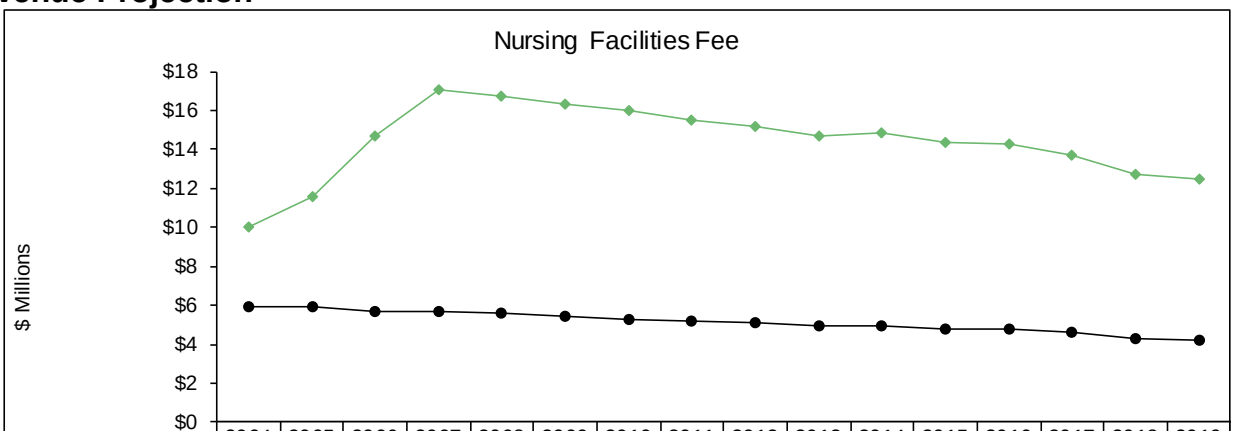
Proxy bed days for nursing facilities are determined by dividing the difference between total nursing utilization fees and interim care fees by the nursing facilities fee daily rate of $8.30 per bed day. Future bed days are based on a time trend of the proxy bed days, which are then multiplied by the fee rate of $8.30 to obtain an estimate of future nursing facilities fees. Intermediate care revenue is anticipated to phase out by the end of FY 2017 due to SB 411 (2015 Session). For FY 2017, total nursing facilities fees are the sum of nursing facilities fees and interim care facilities fees; in FY 2018 and beyond, nursing facilities are the only source of revenue.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2017 Legislature.

FY	Total Tax $ Millions	GF Tax $ Millions	Nursing Home Bed Days (Millions)	MDC Revenue (Millions)
A 2004	$10.022	$5.916	203.530	$17.261
A 2005	11.602	5.912	203.400	16.438
A 2006	14.650	5.712	195.074	14.954
A 2007	17.074	5.717	195.134	14.625
A 2008	16.759	5.610	191.181	14.845
A 2009	16.348	5.469	186.032	15.129
A 2010	16.019	5.300	181.991	15.233
A 2011	15.541	5.197	176.014	15.526
A 2012	15.176	5.077	172.219	14.700
A 2013	14.671	4.928	165.297	15.863
A 2014	14.836	4.961	167.827	15.104
A 2015	14.391	4.810	162.473	15.103
A 2016	14.270	4.764	159.432	17.283
F 2017	13.714	4.589	156.557	12.000
F 2018	12.709	4.277	153.126	-
F 2019	12.425	4.181	149.694	-

Revenue Projection



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	10.0	11.6	14.6	17.1	16.8	16.3	16.0	15.5	15.2	14.7	14.8	14.4	14.3	13.7	12.7	12.5
General Fund	5.9	5.9	5.7	5.7	5.6	5.5	5.3	5.2	5.1	4.9	5.0	4.8	4.8	4.6	4.3	4.2
GF Growth	1.0%	-0.1%	-3.4%	0.1%	-1.9%	-2.5%	-3.1%	-1.9%	-2.3%	-2.9%	0.7%	-3.0%	-1.0%	-3.7%	-6.2%	-1.4%