

FISCAL NOTE

This bill contains borrowing authority of up to \$9,000,000 from the LEGISLATIVE STABILIZATION RESERVE ACCOUNT to the State Construction Department. The total loan amount shall not exceed 35 percent of the actual total planning and construction costs. This borrowing authority is effective immediately.

State Construction Department estimates Level 3 design and preconstruction activities to total \$90,000 in FY19, \$450,000 in FY20, and \$450,000 in FY21, for a total of \$990,000 through the forecast period. The estimated remaining loan amount of \$8,010,000, would be used for construction in the following years.

Assuming all timelines are met with respect to the Veterans Administration (VA) State Home Construction Grant Program, the Wyoming Department of Health (WDH) estimates that final VA approval would happen in November or December of 2020. After a procurement process (managed by State Construction) in early CY 2021, construction would likely begin in mid-2021 (FY 2022). Once constructed, the facility would need to be surveyed and inspected. The WDH anticipates that operations would not begin until FY 2023.

The WDH assumes that no additional duties or responsibilities will require additional expenditures or personnel until the Veterans' Skilled Nursing Center is constructed and operational in CY 2022.

Upon completion of the construction of the facility, the WDH must provide care in the veterans' skilled nursing center, either directly or by contracting out the operations of the facility to a third party. Additionally, if management is contracted out, the WDH would be required by the VA to appoint one WDH employee to oversee federal and state requirements applicable to the veterans' skilled nursing center.

The costs associated with these additional responsibilities are generally unknown at this time, since the location, mission, populations served, and management structure of the facility have not been finalized by the Legislature. However, some general fiscal impacts to Wyoming Medicaid, if the bill moves forward and a facility is constructed, are provided below.

When the facility authorized by this bill opens, a portion of the clients served would qualify for Medicaid reimbursement. Depending on the structure and ownership of the facility, the Medicaid rate may be cost-based.

The WDH assumes the facility would operate with 36 beds at approximately 96 percent capacity, and approximately 45 percent of patient days would qualify for Medicaid reimbursement. At a cost-based rate, that equates to an estimated 5,617 Medicaid "bed days" per year, which would total approximately \$1.7 million in annual Medicaid reimbursement (assuming a \$300 average per-resident, per-day cost). With a 50 percent federal match, the annual General Fund Medicaid cost estimate would total approximately \$850,000.

It is important to note, however, that some of these Medicaid costs would not be "new" costs. Some residents at the Veterans' Skilled Nursing Center would have their nursing facility costs paid by Wyoming Medicaid, regardless of the facility in which they resided. Others may have been "safety-net" clients served in much

Veterans' skilled nursing facility.

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higher-cost facilities (e.g. State Hospital). It is impossible to accurately determine the net cost of operating the State Home Skilled Nursing Center authorized in this bill.

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