



February 4, 2016

Russell Frandsen
Fiscal Analyst
Office of the Legislative Fiscal Analyst
State of Utah

Dear Russell,

Per your request I am writing to let you know how the nursing homes are planning on spending the \$1.7 million state general fund request. The state general fund appropriation of \$1.7 million would be matched with the federal funds and used for an inflationary increase of approximately 3% for the nursing homes. The money would be given to the nursing homes by increasing the daily Medicaid rate paid to each facility.

Please let me know if you need any additional information.

Thank you,

Dirk Anjewierden
Executive Director
Utah Health Care Association
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801-486-6100



BACKGROUND

- Utah's Nursing Homes are experiencing a daily shortfall in the Medicaid reimbursement rate of approximately \$15 per patient per day*.
- Utah's Nursing Homes have not had an ongoing state general fund increase since 2003.
- Utah's Nursing Homes have been able to use the provider assessment to self-fund their increases for the last 12 years. Currently, we are too close to the maximum amount available under the federal cap to fund our own increase again this year.

THE PROPOSAL

- Utah's Nursing Homes are asking the Utah State Legislature to appropriate \$1.7 million in new, ongoing state general funds. When matched with the federal funds this will give the nursing homes an inflationary increase of approximately 3%.
- If nursing homes receive this increase, it will create more room under the federal cap for the provider assessment and they can self-fund their inflationary increases again for the next 2-4 years.

ADDITIONALLY

- Utah's Nursing Homes contribute approximately \$660,000 in additional payments every year to the state for the 3% administrative fund. This fund was established to cover the cost of administering the provider assessment and has since significantly outgrown the cost of administering the bed tax.

*Provided by Joe Lubarsky, CPA, President, Eljay Accounting, LLC