


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 10-0855
Prime Sponsor(s): Rep. McKinley
 Sen. Kester

Date: May 26, 2010
Bill Status: Postponed Indefinitely
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE REPEAL OF THE AUTHORITY OF THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF HUMAN SERVICES TO SELL THE TRINIDAD STATE NURSING HOME.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue Cash Funds Central Fund for State Nursing Homes	See State Revenue Section	
State Expenditures General Fund Cash Funds Central Fund for State Nursing Homes	See State Expenditures Section	
FTE Position Change		
Effective Date: The bill was postponed indefinitely by the Senate Health and Human Services Committee on May 6, 2010.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill restricts the ability of the Department of Human Services (DHS) to sell the Trinidad State Nursing Home (home) to the period between April 30, 2011, and July 1, 2012.

Background

The DHS, Division of State and Veterans Nursing Homes, oversees 5 state-owned facilities that provide skilled nursing care, primarily to honorably discharged veterans and their spouses or widows. In general, the homes are funded through patient, pension, Medicaid, and U.S. Veteran's Administration payments. Section 26-12-110, C.R.S., provides that the state nursing homes shall constitute an enterprise under TABOR, which limits the amount of state funding that can be used to support their operations.

The home has annual costs of \$7.6 million and revenue of \$6.7 million from payments made by or on behalf of residents, resulting in an annual operating loss of \$0.9 million per year. This operating loss is subsidized by the veterans nursing homes in the enterprise. However, by subsidizing the home with funds from the veterans nursing homes, which may include federal VA funds dedicated for use in veterans facilities, the department is jeopardizing the receipt of federal funding. Based on the current cost structure, revenue, and staffing requirements, the department does not expect the home to become self-sufficient.

SB09-056 gave the department the authority to sell the Trinidad home and was signed into law on April 22, 2009. The department has taken steps to sell it, including issuing a request for proposals in January 2010 to find an interested buyer. The department accepted bids to purchase the home through March 2010. The department expects that the sale will be finalized by December 2010.

State Revenue

The bill restricts the time period that the department can sell the home. Assuming the sale occurs between May 1, 2011, and June 31, 2012, the department will have revenue in the Central Fund for State Nursing Homes in either FY 2010-11 or in FY 2011-12. A prior appraisal of the nursing home and surrounding property in October 2008 identified the value at \$4.0 million. However, since the bid process has not been completed, the exact revenue is unknown.

State Expenditures

The bill requires the department to maintain ownership and control of the home until at least April 30, 2011. Under current law, the department is expected to complete the sale by December 2010. Therefore, the bill will result in the department having an additional 4 months of costs to operate the nursing home, which would continue to be paid from the Central Fund for State Nursing Homes and subsidized by the veterans homes. This will result in additional \$287,513 from the Central Fund being used to support operations at Trinidad.

No appropriation is required at this time. This analysis assumes that funding for the home will continue from the Central Fund for State Nursing Home until it is sold or the General Assembly takes action to separate its funding from enterprise status with that of the state veterans nursing homes (as proposed by HB10-1426).

Departments Contacted

Human Services