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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 461
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 461's Bill Analysis](#)

Version: As Re-referred to House Finance

Primary Sponsor: Rep. Carruthers

Local Impact Statement Procedure Required: No

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Highlights

- The bill adds to a nursing facility's Medicaid payment rate a private room rate, and specifies the private room per day rate is \$25 for FY 2023. The Ohio Department of Medicaid (ODM) is charged with determining the rate for subsequent fiscal years.
- The bill prohibits a nursing facility provider from billing ODM for more private room days than the facility's capacity, and permits ODM to recoup any such excess payments.
- The bill requires ODM to calculate the initial private room capacity for each nursing facility within 60 days and adjust the capacity as notified of a facility removing licensed beds or surrendering certified beds.
- Estimated state share of the cost to Medicaid ranges from \$55.2 million to \$66.2 million for FY 2023. Future yearly costs would vary as more or fewer single-occupancy bed spaces are created and as ODM adjusts the private room per day rate for subsequent fiscal years.

Detailed Analysis

The bill adds to a nursing facility's Medicaid payment rate a private room per day rate. This would apply if the facility provides services to a Medicaid recipient in a private room beginning on or after July 1, 2022. The bill defines a private room as "a room with permanent walls that contains one licensed or certified bed that is occupied by one individual, with direct unshared access to a hallway, and direct unshared access to a toilet and sink shared by not more than one other private room . . ." Medicaid generally only pays for private rooms when it is considered medically necessary (e.g., isolation for control of infections). The bill specifies that a facility's private room per day rate is \$25 for FY 2023, and requires the Ohio Department of Medicaid (ODM) to determine the private room per day rate for subsequent fiscal years. Nursing facility providers are prohibited from billing ODM for more private room days in a fiscal year than

the facility's private room capacity in that fiscal year. ODM is authorized to recoup any such excess payments.

The bill requires ODM to calculate the initial private room capacity for each nursing facility within 60 days after the bill's effective date, or the date a new nursing facility is certified by the U.S. Centers for Medicare and Medicaid Services (CMS). A nursing facility must notify ODM if it removes beds licensed by the Department of Health or surrenders beds certified by CMS. After receiving such a notice, ODM must verify the information, adjust the facility's private room capacity, and amend the facility's Medicaid provider agreement. In such a case, a facility's adjusted private room capacity will begin on the later of (1) the date the beds were removed or surrendered, or (2) the date ODM received notice from the facility.

Fiscal effect

Estimates vary for the occupancy rates and the number of nursing facility beds in Ohio. On the higher end, according to a 2016 nursing facility cost report, Ohio has approximately 92,000 licensed beds and 90,000 certified beds,¹ for an average of 91,000 beds in nursing facilities. A low-end estimate of just under 72,000 residents² and approximately 11,000 excess beds³ gives a total of 83,000 beds. The following table shows a lower estimate for 83,000 beds and a higher estimate for 91,000 beds.

H.B. 461: Estimated Costs		
	Lower Estimate (83k beds)	Higher Estimate (91k beds)
Single-occupancy rooms (25%)	20,750	22,750
Double-occupancy rooms (66%)	54,780	60,060
Estimated occupancy rates	87%	82%
Vacant double-occupancy rooms	7,260	10,811
Total potential single-occupancy rooms	28,010	33,561
Potential Medicaid-funded single-occupancy beds (60%)	16,806	20,137
Annual cost of \$25 daily rate	\$9,125	\$9,125
Total spending	\$153,354,750	\$183,750,125
Estimated State Share (36%)	\$55,207,710	\$66,150,045

¹ Numbers provided to LBO in a 2016 nursing facilities cost report.

² See "[Total Number of Residents in Certified Nursing Facilities for Ohio](#)", which is available at the Keiser Family Foundation website: kff.org.

³ Number from Ohio Department of Health.

How those beds are distributed among single-occupancy, double-occupancy, or higher occupancy rooms is unavailable to LBO, but figures for a nearby, similar state (Michigan) show 25% of beds are in single-occupancy rooms and 66% are in double-occupancy rooms.⁴ Applying those figures to Ohio creates estimates for single- and double-occupancy beds. Ohio nursing facility beds currently have estimated occupancy rates of between 87% (= 1 - (11,000 excess beds / 83,000 beds)) and 82%.⁵ Double-occupancy rooms with vacancies could be potentially reclassified as single-occupancy rooms, but filled double-occupancy rooms could not be converted to single occupancy without construction. Currently Medicaid covers 60% of nursing facility residents in Ohio. Applying this rate to the potential single-occupancy rooms gives an estimate for the number of such rooms that would be funded by Medicaid and thus subject to the bill's provisions.

Applying the bill's specified private room per day rate of \$25 for FY 2023 to these high and low estimates for affected rooms creates an estimated cost range from \$153.4 million to \$183.8 million for FY 2023. After applying the federal reimbursement rate of 64%, the expected state share ranges from \$55.2 million to \$66.2 million for the fiscal year. Future yearly costs would vary as more or fewer single-occupancy bed spaces are created and as ODM adjusts the private room per day rate for subsequent fiscal years.

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⁴ See "[Fundamental Nursing Home Reform](#)" (PDF), which is available on Health Management Associates' website: healthmanagement.com.

⁵ See "[Certified Nursing Facility Occupancy Rate](#)" for Ohio, which is available at the Kaiser Family Foundation website: kff.org.