

FISCAL NOTE

This legislation authorizes the Department of Health, subject to approval from the Governor, to cease operations of the Wyoming Retirement Center and the Wyoming Pioneer Home and to dispose of associated lands and structures, if the Department determines that these two sites no longer serve as "safety-net" facilities for the State.

Since that evaluation is required from the Department and the Governor by November 1st, 2018, and no course of action has yet been determined, there is no specific fiscal impact to this bill.

However, if the Department were to recommend that the facilities be closed or sold to the private sector, there are differing fiscal impacts for each facility.

(1) The Wyoming Retirement Center currently operates on a break-even basis, with the exception of major maintenance.

- Approximately \$284,052 in General Funds is budgeted to the facility on a biennial basis. This budget could be eliminated if the facility were privatized.
- Since the vast majority of the General Funds was removed from Unit 5060 last biennium, the facility runs on self-generated revenue (Medicaid / Medicare / VA / private pay). Fund 419 is the account that serves as the buffer between expenditures and revenues, which don't line up month to month.
 - o If the facility were privatized, this fund could be liquidated, and approximately \$7 million could be reverted (once) to the General Fund. The balance of Fund 419 as of 1/9/2018 is \$7,688,818.
- The break-even balance sheet is largely due to a cost-based Medicaid rate that is higher than it would be if the facility were not State-owned. Assuming that the rate would revert to the standard formula if the facility were privatized or shut down (and the residents moved to other facilities), there would be some amount of savings to Medicaid (Unit 0463 - Nursing Facility Services).
- Major maintenance would no longer be the responsibility of the State and would result in general fund savings of \$155,816 per year based upon previous year appropriations.

(2) The Wyoming Pioneer Home operates with an annual State General Fund subsidy of approximately \$1,300,000 (around 60% of total expenditures).

- If the operation of the facility were privatized, this general fund expenditure would decrease, and the operator would likely make up these funds by raising private-pay rates or increasing resident enrollment in Medicaid.
- Because the facility is part of Hot Springs State Park, major maintenance would likely continue to be the responsibility of the state, with only operation being privatized. If it was not this would result in around \$151,092 in general fund savings based upon previous year appropriations.

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