

**Economic Impact Statement**  
LSA Document #07-150

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

This proposed rule amendment makes the following changes to Medicaid nursing home reimbursement:

1. Beginning October 1, 2007, changes the annual rate effective date to October 1 for all providers.
2. Beginning July 1, 2008, changes the annual rate effective date to July 1 for all providers.
3. Adds a maximum annual rate increase of 5.0% per annum, before adjusting for case mix.
4. Beginning October 1, 2007, and continuing through June 30, 2009, implements a \$1 per day reduction to the Medicaid rate.

**Impact on Small Businesses**

**1. Estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.**

[IC 4-22-2.1-4](#) defines a small business as any person, firm, corporation, limited liability company, partnership, or association that:

- (1) is actively engaged in business in Indiana and maintains its principal place of business in Indiana;
- (2) is independently owned and operated;
- (3) employs one hundred (100) or fewer full-time employees; and
- (4) has gross annual receipts of five million dollars (\$5,000,000) or less.

The agency estimates that 66 out of a total of 471 nursing homes that are Medicaid certified meet the criteria of [IC 4-22-2.1-4](#) as a small business.

**2. Estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.**

The agency estimates that small businesses will incur no additional costs to comply with this proposed rule amendment.

**3. Estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule.**

Since no small business will incur any additional cost to comply with this rule amendment, there is no annual economic impact on small businesses.

**4. Statement justifying any requirement or cost that is imposed on small businesses by the rule; and not expressly required by the statute authorizing the agency to adopt the rule; or any other state or federal law.**

The rule amendment imposes no additional cost or requirements on small businesses.

**5. Regulatory Flexibility Analysis**

Other factors considered:

**A. Establishment of less stringent compliance or reporting requirements for small businesses.**

The rule amendment has no impact on reporting requirements for small businesses.

**B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.**

The rule amendment has no impact on schedules or deadlines for compliance or reporting for small businesses.

**C. Consolidation or simplification of compliance or reporting requirements for small businesses.**

The rule amendment has no impact on schedules or deadlines for compliance or reporting for small businesses.

**D. Establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.**

The rule amendment has no impact on performance standards for small businesses.

**E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.**

The rule amendment imposes no additional cost or requirements on small businesses.

**Conclusion**

The agency estimates that there will be no annual economic impact that compliance with the proposed rule will have on small businesses.

*Posted: 05/02/2007 by Legislative Services Agency*  
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