

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3627-13
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SCS for SB 616
Subject: Health Department; Nursing and Boarding Homes; Elderly
Type: Original
Date: May 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue*	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund*	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)

*Oversight assumes unknown costs will exceed unknown fees.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state this proposal relates to sections of the statute relating to the Department of Health's licensure of RCF's. DMH states that there are some residential facilities/programs solely licensed or certified by DMH and the references in this proposal do not change language in DMH licensing or certification standards. Therefore, the DMH assumes this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** and the **Department of Social Services - Family Support Division (FSD)** state this proposal would not fiscally impact DMS or FSD.

Officials from the **Department of Health and Senior Services (DOH)** state this proposal changes residential care facility I to residential care facility and residential care facility II to assisted living facility.

DOH states this proposal will require DOH to approve the required training for the "appropriately trained and qualified individual" and approve a resident assessment tool for community-based services. This will require additional time and resources to accomplish these requirements.

ASSUMPTION (continued)

DOH states facilities licensed as residential care facility IIs on August 27, 2006 will be granted a “provisional” assisted living facility license as long as they continue to meet all regulatory requirements in place at that time for an RCFII. DOH states Section 198.073.3 states “At such time as the average total reimbursement, not including residents’ cost of living increases in their benefits from the Social Security Administration after the effective date of this act, for the care of person eligible for Medicaid in an assisted living facility is equal to ore exceeds forty-one dollars per day, a ll facilities with a license as and assisted living facility shall meet all laws, rules, and regulations for licensure as an assisted living facility shall meet all laws, rules, and regulations for licensure as an assisted living facility.” New facilities would have to meet the requirements for an assisted living facility license and current facilities could choose to step up to the Assisted Living Facility requirements at any time.

DOH states, at this time, since the number of facilities to be licensed and inspected is unknown, DOH cannot accurately determine the impact of this proposal. However, DOH assumes it will be greater than \$100,000.

REVENUE ESTIMATE

DOH assumes a licensing fee would be charged to the facilities. Since the number of facilities that would seek licensure is unknown, DOH cannot provide an accurate estimate of the revenue generated by these fees. However, DOH assumes the fees collected will not generate enough revenue to fully sustain the program and additional general revenue will be required. DOH states current licensure fees for long-term care facilities do not cover the cost of the licensure program.

DOH states Section 198.073.3 indicates that "At such time that the average total reimbursement for the care of persons eligible for Medicaid in an assisted living facility is equal to or exceeds forty-five percent of the average total reimbursement rate for care of such persons in a skilled nursing facility, all facilities with a license as an assisted living facility shall meet all laws, rules, and regulations for licensure as an assisted living facility." DOH states it would only be able to provide costs associated with the delivery of state plan personal care services in a residential care facility. DOH would work collaboratively with the Department of Social Services and the Office of Administration - Information Technology Division to determine whether a particular facility equaled or exceeded the \$41 per day.

DOH states the Division of Senior and Disability Services (DSDR) would need an additional staff person (an Aging Program Specialist II) to work with the DOS and with the assisted living facility provider groups on developing and implementing a new Medicaid payment system for assisted living facilities.

ASSUMPTION (continued)

DOH states there would be an unknown costs associated with the new Medicaid payment system for assisted living facilities. DOH states dependent upon the results of the collaboration and the Medicaid payment system that is developed, the DSDR may need additional staff to provide case management as well as care plan and program oversight for additional assisted living facility residents that may qualify for services as a result of the program expansion. DOH states these staff would be funded by General Revenue and federal Medicaid funds. Additionally, there would be unknown General Revenue and federal costs associated with the new Medicaid payment system for home and community based services that may become eligible for reimbursement that are currently not being reimbursed for by Medicaid.

Officials from the **Department of Public Safety - Division of Fire Safety (DPS-FS)** assume the Department of Health will handle the inspections for these facilities; therefore DPS-FS assumes this proposal would not have a fiscal impact on their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE

Income - Department of Health and Senior Services

Fees	Unknown	Unknown	Unknown
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Cost - Department of Health and Senior Services

Program services	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
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ESTIMATED NET EFFECT TO GENERAL REVENUE*

	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
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*Oversight assumes unknown costs will exceed unknown fees.

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have an impact on small businesses operating a residential care facilities due to additional requirements that must be met.

DESCRIPTION

This proposal repeals the terms "residential care facility I" and "residential care facility II" and replaces them with "residential care facility" and the newly created term "assisted living facility," respectively.

Assisted living facilities contain services consisting of social models based on the premise that the resident's unit is his or her home. There are new definitions for "activities of daily living" which include eating, dressing, bathing, toileting, transferring, and walking and for "instrumental activities of daily living" which consist of preparing meals, shopping for personal items, medication management, managing money, using the telephone, housework, and transportation ability. There are also new definitions for "appropriately trained and qualified individuals," "community based assessment" and "social model of care."

This proposal prescribes requirements for assisted living facilities in order to accept or retain individuals. An individual in a facility must not require hospitalization or skilled nursing. The facility must employ a staff large enough and skilled enough to handle twenty-four hour care. The facility must also have a written plan for the protection of all residents in the event of a disaster. The signatures of an authorized representative of the facility and the resident or legal representative shall be contained in the individualized service plan. The facility must implement self-care and leisure activity programs.

The facility must complete pre move-in screening and resident assessments for community based services. This assessment will be used by the facility to implement an individualized service plan to be reviewed at least semi-annually by the resident or legal representative.

The residence must ensure that it does not accept or retain a resident who has exhibited behaviors that present a reasonable likelihood of serious harm to himself or herself. The resident must not require skilled nursing services or more than one person to physically assist the resident with any activity of daily living, except bathing. The resident must not be bed-bound or similarly immobilized due to a debilitating or chronic condition. There is an exception for certain conditions for residents on hospice.

The facility must also develop a plan to protect the rights, privacy, and safety of all residents and comply with dementia-specific training requirements.

DESCRIPTION (continued)

The proposal repeals the requirement that residential care facilities can only admit persons who are capable mentally and physically of negotiating a normal path to safety under certain conditions. This proposal now allows for an assisted living facility to accept or retain an individual with a physical, cognitive, or other impairment that prevents the resident from safely evacuating the residence with minimal assistance so long as the facility has sufficient staff present twenty-four hours a day to assist in evacuations and contains an individualized evacuation plan for such a resident. The facility shall also be equipped with an automatic sprinkler system, an automated fire door system and smoke alarms compliant with national fire codes. This proposal also provides a licensed hospice exception to the pathway to safety provisions.

The facility must take measures to allow residents the opportunity to explore the facility and grounds and use personal electronic monitoring device for any resident whose physician recommends the use of the device.

Licensed assisted living facilities must also disclose to a prospective resident information regarding the services the facility is able to provide, costs of such services to the resident, and the conditions that will require discharge or transfer from the facility.

This proposal provides for a grandfather clause regarding the new licensing requirements for existing residential care facility II entities. The grandfather provision does not exempt a residential care facility II from the 24-hour staff, written plan protection, screening and assessment requirements. Further, this act allows any residential care facility licensed as a residential care facility II immediately prior to the effective date of these provisions and for purposes of receiving supplemental welfare assistance payments under Section 208.030, RSMo, to continue to receive the payment amount allocated for a residential care facility II. Also, this proposal prohibits any facility from naming or advertising itself as an assisted living facility without obtaining a license from the department.

This proposal requires the departments of Social Services and Health and Senior Services to jointly prepare by January 1, 2008, a report to the Governor and General Assembly on the differences found in the evaluation of the requirements for inspectors or surveyors of facilities and the performance of the inspectors.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

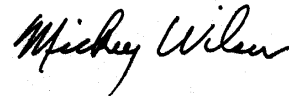
Department of Social Services

Department of Mental Health

Department of Public Safety -

Division of Fire Safety

Department of Health and Senior Services



Mickey Wilson, CPA

Director

May 24, 2006