

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2500-03
Bill No.: Perfected SCS for SB 664
Subject: Health Care; Health Department; Nursing and Boarding Homes; Licenses-
Professional
Type: Original
Date: April 18, 2007

Bill Summary: This proposal modifies laws relating to the board of nursing home administrators.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$0	(\$2,350)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(\$2,350)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Department of Revenue, Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Social Services** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health and Senior Services (DOH)** state currently there are 1,559 licensed nursing home administrators in Missouri. Approximately 886 of these individuals are working in skilled nursing facilities, intermediate care facilities, assisted living facilities, and residential care facilities that follow RCF II regulations. There are an additional 264 administrators (who may or may not be licensed nursing home administrators) who are working in residential care facilities. This leaves 409 licensees who are not using the license and may choose the inactive status. The Division of Regulation and Licensure (DRL) estimate that approximately 15% of the 409 (or 61) must maintain an active license due to their position with a nursing home corporation or who work as a consultant. That reduces the total to 348. Of the 348, based upon the history of non-renewals, approximately 160 licensees will choose to not renew the license for various reasons such as moving out of state, leaving the profession, etc, and most likely would not choose inactive status. That leaves 188 that are not using the license and may choose the inactive status. Of those remaining 188 licensees, the DRL estimates that approximately half, or 94, will elect the inactive status to avoid continuing education and

ASSUMPTION (continued)

licensure costs. If 94 licensees elect inactive status, they must pay the \$100 renewal fee for the initial inactive license and will pay a fee yet to be determined by rule every two years to renew the inactive license (for a maximum of 6 years).

Licensees are required to renew their license every two years, with approximately half of the licensees renewing in odd numbers years and half renewing in even number of years. Therefore, of the 94 licensees the DRL assumes will elect inactive status, approximately half (47) will apply for an inactive license in FY '08 and the other half (47) will apply for an inactive license in FY '09. The amount of fees collected in FY '08 and FY '09 would not change since the fee will be the same for the initial inactive license as the fee for an active license (\$100). Since the licensees will be required to renew their inactive license every two years, the first year the inactive licensees will be eligible for a reduced fee will be FY '10. Although it is yet to be determined, for this fiscal analysis, the DHSS will assume the inactive renewal fee will be set at \$50 every two years. If the inactive renewal fee is set at \$50, and if 47 licensees choose to renew their inactive license in FY '10, the reduction for FY '10 will be \$2,350. The DRL assumes a loss of revenue at approximately this same amount for each year thereafter.

This proposal will result in a decrease in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Loss</u> - Department of Health and Senior Services			
Reduction in Licensing Revenue	<u>\$0</u>	<u>\$0</u>	<u>(\$2,350)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>(\$2,350)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may positively impact small business nursing facilities by saving litigation costs as licensees will no longer have to go before the Administrative Hearing Commission.

FISCAL DESCRIPTION

Currently, applicants for nursing home administrator licenses pay a fee of \$100 to the Director of Revenue. This legislation leaves the amount of the fee up to the board and directs the payment to the Department of Health and Senior Services.

Out of state applicants for licenses shall not be recognized when the applicant fails the national examination three times.

The legislation allows for probationary status as an alternative to refusing to issue or renew a license. Licensees and applicants may appeal this decision.

The legislation adds additional grounds upon which a licensee may be disciplined including:

- Violating any provision of law regulating convalescent, nursing and boarding homes.
- Violating any professional trust or confidence.
- Having administered a convalescent, nursing or boarding home during a time when the facility has had its license revoked
- Having entered into a consent agreement to obtain a probationary license for facilities under chapter 198 or having such a license denied or surrendered while under investigation.

FISCAL DESCRIPTION (continued)

The legislation modifies the membership of the Board of Nursing Home Administrators by imposing citizenship requirements and replace the Director of the Division of Aging with the Director of the Department of Health and Senior Services.

The legislation provides for inactive license status and requirements for reactivation.

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

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Office of the Secretary of State
Office of Administration



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Director
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