

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4700-01
Bill No.: SB 1051
Subject: Health, Public; Health Department; Certificate of Need; Nursing and Boarding Homes
Type: Original
Date: February 18, 2008

Bill Summary: This legislation modifies provisions relating to the review of long-term care facility projects under the certificate of need program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$17,000)	(\$17,000)	(\$17,000)
Total Estimated Net Effect on General Revenue Fund	(\$17,000)	(\$17,000)	(\$17,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of the Attorney General (AGO)** state that it represents the Certificate of Need (CON) Board. The AGO assumes that because of this proposal's changes in definition, the AGO may have an increased number of exemptions to the CON requirements for review, and an increase in appeals defending the CON Board in its exemption decisions. AGO assumes that any potential costs arising from this proposal can be absorbed with existing resources.

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 **Missouri Health Facilities Review Committee** state in FY07, five Certificate of Need proposals to replace long-term care beds were approved. The total amount of application fees for the five projects totaled approximately \$17,000. If this proposed legislation were passed, these replacement projects would no longer be subject to Certificate of Need regulation. Therefore, there would be a loss of application fees going into General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Loss</u> - Missouri Health Facilities Review Committee			
Loss of Application Fees	(\$17,000)	(\$17,000)	(\$17,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$17,000)</u>	<u>(\$17,000)</u>	<u>(\$17,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to the relocation or replacement of certain long-term care facilities under the certificate of need program.

Current law provides that any residential care facility or assisted living facility may relocate any portion of such facility's current licensed beds to any other facility to be licensed within the same licensure category under certain specified conditions. Also, certain health care facilities may be replaced in their entirety under specified conditions. This legislation provides that such relocation or replacement shall not require review under the state certificate of need laws or approval by the Missouri Health Facilities Review Committee.

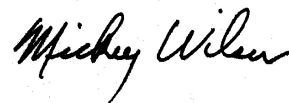
FISCAL DESCRIPTION (continued)

The owner of any facility or beds exempt from certificate of need review may submit a request to the Department of Health and Senior Services to verify exemption prior to beginning the project. If the Department determines such project is exempt from certificate of need review, the Department shall issue a certification letter to such owner. Such decision shall be considered final and subject to appeal.

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

Office of the Attorney General
Department of Insurance, Financial Institutions & Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Health Facilities Review Committee
Office of the Secretary of State



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Director
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