

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6153-02
Bill No.: CCS for SB 988
Subject: Administrative Rules; Aircraft and Airports; Ambulances and Ambulance Districts; Certificate of Need; Emergencies; Health Care; Health and Senior Services Department; Hospitals; Physicians
Type: Original
Date: May 11, 2016

Bill Summary: This proposal modifies provisions relating to health care providers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$130,042)	(Up to \$142,379)	(Up to \$143,877)
Total Estimated Net Effect on General Revenue	(Up to \$130,042)	(Up to \$142,379)	(Up to \$143,877)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
University	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	2	2	2
Total Estimated Net Effect on FTE	2	2	2

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government*	\$0	\$0	\$0

* Savings and costs net to \$0.

FISCAL ANALYSIS

ASSUMPTION

§96.192 - Investment of Certain Hospital Funds

In response to similar provisions in CCS HCS SS SB 621, officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** stated the board of trustees for hospitals meeting certain requirements can invest up to twenty-five percent of the hospital's funds not required for immediate disbursement in obligations or for the operation of the hospital in any United States investment grade fixed income funds or any diversified stock funds. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. If this provision increases revenue for the hospital and the hospital increases services billed for MO HealthNet participants, there could be additional costs, beginning with the 2018 cost reports. MO HealthNet would use 2018 cost reports to establish reimbursement for State Fiscal Year (SFY) 22. Therefore, there would not be a fiscal impact to the MHD for FY 2017, FY 2018, FY 2019, FY 2020 or FY 2021, but starting FY 2022, there could be an additional cost.

Oversight assumes it is speculative as to whether funds invested by hospitals would result in an increase in services billed for MO HealthNet and is not presenting this unknown impact for fiscal note purposes.

Oversight also assumes only certain county hospitals may invest up to 25% of their funds in investment grade fixed income funds. This provision is permissive and would be up to the discretion of the board of trustees of the hospital to decide to invest funds. Therefore, Oversight assumes no direct fiscal impact.

§190.060 - Ambulance Districts to Conduct Fingerprint Background Checks

In response to similar provisions in HB 2667, officials from the **Department of Public Safety (DPS), Missouri State Highway Patrol (MHP)** assumed there are 214 ambulance districts (service areas) in the state of Missouri. Since this legislation would authorize, but not require ambulance districts to perform a state and federal fingerprint-based criminal record check for employment purposes, the Criminal Justice Information Services (CJIS) Division has no way to accurately estimate the number of record checks to be performed under this legislation; therefore, the fiscal impact is unknown.

The charge for each background check processed is \$43.05 - twenty dollars for the state fingerprint check, \$14.75 for the federal check, and an \$8.30 charge for the electronic fingerprint option used through a third-party vendor ($\$20 + \$14.75 + \$8.30 = \43.05). Of this amount, the state retains the \$20 fee and \$2 of the federal charge of the \$14.75 for a pass thru fee. The \$8.30 charge is paid directly to the vendor at the time of application.

ASSUMPTION (continued)

In response to similar provisions in HB 2667, officials from the **Department of Health and Senior Services** assumed the proposal would not fiscally impact their agency.

Oversight assumes this proposal allows ambulance districts to submit applicant fingerprints directly to the MHP for the purpose of checking the person's criminal history and repeals the requirement that local law enforcement agencies submit the request to the MHP. Oversight assumes the number of requests submitted to the MHP each year would remain the same and there would be no impact to MHP funding. Local law enforcement agencies may experience a savings by not having to submit the requests to MHP (if they are not being reimbursed by the ambulance districts); ambulance districts may incur additional costs as a result of this proposal if they are not currently paying local law enforcement agencies for the cost of the background checks. The overall impact would be a net of zero to local political subdivisions.

Oversight notes the language in the proposal is permissive and will range unknown costs and savings from \$0 to unknown.

§§190.241 - Stroke Center Designations and Collection of Emergency Care Data

In response to similar provisions in CCS for HCS for SB 635, officials from the **Department of Health and Senior Services (DHSS)** assumed section 190.241.4-6 will have no fiscal impact on DHSS. However, the following additional assumptions are provided:

Section 190.241.7

Based on work with other data systems, DHSS estimates the legislation would require two Research Analysts III (\$40,380 each, annually). The duties of the analysts would be to work with the data collection system to evaluate and analyze the data and produce quarterly regional and state outcome data reports.

This will be complex data analysis work. The new staff would have to learn two separate data collection systems, extract data from both systems and then link the data to create a combined file. The combined file would then need to be analyzed in order to produce the required reports which may number as many as 28 annually. The analysts would be responsible for preparing, editing, and producing these reports. The reports must then be shared with the state advisory council on emergency medical services (EMS) and regional EMS committees to review for performance improvement and patient safety. Based on experience, DHSS envisions that the data analysts will have to be involved in some capacity with these review teams. The analysts will have to serve as technical experts assisting the facilities that submit data to the systems. Furthermore, once these systems are operational the unit will begin to receive ad hoc data requests based on these files.

ASSUMPTION (continued)

The brain and spinal cord injury system collects emergency, inpatient/outpatient and ambulatory surgery center data. DHSS assumes that any analysis of the trauma data for the brain and spinal cord injury program would be conducted by the two research analysts.

This proposed legislation will allow centers to enter into the Time Critical Diagnosis System (TCD) registry or into a nationally recognized registry or data bank (such as the American Heart Association's Get With the Guidelines). As a result of this legislation, DHSS anticipates that more centers will submit data. DHSS is not currently producing any regional or statewide reports.

There are currently 45 designated stroke centers with two pending applications. Since not all centers use the TCD Registry and the legislation would allow them to enter data into a nationally recognized registry or data bank, a big part of the analysts' duties would be to obtain, compile and interpret the data.

In response to similar provisions in SB 1060, officials from the **University of Missouri (UM) Health Care** stated they have reviewed the proposed legislation and determined that as written it should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

In response to similar provisions in SB 1060, officials from the **Joint Committee on Administrative Rules (JCAR)** stated the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

In response to similar provisions in SB 1060, officials from the **Department of Insurance, Financial Institutions and Professional Registration** and the **Office of State Courts Administrator** each assumed the proposal would not fiscally impact their respective agencies.

In response to similar provisions in SB 1060, 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.

ASSUMPTION (continued)

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.

§190.265 - Fences Around Helipads

In response to the previous version of this proposal, officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

In response to the previous version of this proposal, officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

In response to the previous version of this proposal, 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.

§197.315 - Certificate of Need

In response to similar provisions in HCS for HB 2441, officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that, as written, it will create additional expenses in excess of \$100,000 annually.

Oversight notes the provisions at section 197.315.10 provides that the Certificate-of-Need (CON) "application fee is one thousand dollars, or one-tenth of one percent of the total cost of the proposed project, whichever is more...". In addition, based on available information, it appears the provisions of this proposal would only apply to the University of Missouri Health

ASSUMPTION (continued)

Care and the Women's and Children's Hospital. For fiscal note purposes only, Oversight is presenting the University of Missouri Health Care and Women's and Children's Hospital costs under "University Funds". This is not intended to indicate that the Health Care System's costs are actual costs to the University.

Oversight assumes the University Health Care System would not purchase additional equipment on an annual basis in an amount exceeding \$100,000,000 to incur costs greater than \$100,000 annually in Certificate of Need fees (\$100,000,000 project costs X 0.001 = \$100,000). Therefore, Oversight will present the University Health Care System's proposed costs as \$0 to less than \$100,000 annually.

In response to similar provisions in HCS for HB 2441, officials from the **Department of Health and Senior Services**, the **Department of Mental Health** and the **Department of Social Services, MO HealthNet Division** and **Division of Legal Services** each assume the proposal would not fiscally impact their respective agencies.

§205.165 - Certain Hospitals May Invest in Mutual Funds

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** state the board of trustees for hospitals meeting certain requirements can invest up to fifteen percent of the hospital's funds not required for immediate disbursement in obligations or for the operation of the hospital into any mutual fund. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. If this provision increases revenue for the hospital and the hospital increases services billed for MO HealthNet participants, there could be additional costs, beginning with the 2018 cost reports. MO HealthNet would use 2018 cost reports to establish reimbursement for SFY 2022. Therefore, there would not be a fiscal impact to the MO HealthNet Division for FY 2017, FY 2018, FY 2019, FY 2020 or FY 2021, but starting FY 2022, there could be an additional cost.

Oversight assumes it is speculative as to whether funds invested by hospitals would result in an increase in services billed for MO HealthNet and is not presenting this unknown impact for fiscal note purposes.

In response to similar legislation (HB 2139), officials from the **Boone County Hospital** assumed that the fiscal impact would be positive. Although the amount would depend on market fluctuations, the Board of Trustees of Boone County Hospital would gain more than \$100,000 annually.

Oversight assumes from this proposal that certain county hospitals may invest up to 15% of their funds in mutual funds. This provision is permissive and would be up to the discretion of the board of trustees of the hospital to decide to invest funds. Therefore, Oversight assumes no direct fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Income - DHSS (\$197.315)</u>			
Increase in Certificate-of-Need fees	\$0 to Less than \$100,000	\$0 to Less than \$100,000	\$0 to Less than \$100,000
<u>Costs - DHSS (§§190.241)</u>			
Personal service	(\$67,300)	(\$81,568)	(\$82,383)
Fringe benefits	(\$35,206)	(\$42,468)	(\$42,691)
Equipment and expense	<u>(\$27,536)</u>	<u>(\$18,343)</u>	<u>(\$18,803)</u>
Total <u>Costs - DHSS</u>	<u>(\$130,042)</u>	<u>(\$142,379)</u>	<u>(\$143,877)</u>
FTE Change - DHSS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Up to \$130,042)</u>	<u>(Up to \$142,379)</u>	<u>(Up to \$143,877)</u>
Estimated Net FTE Change on the General Revenue Fund	2 FTE	2 FTE	2 FTE
UNIVERSITY FUNDS			
<u>Costs - State-Operated Hospitals (\$197.315)</u>			
Certificate-of-Need application fees	<u>\$0 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	<u>\$0 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings - Local Law Enforcement</u> (§190.060)			
Reduction in costs of submitting background checks to MHP	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs - Ambulance Districts (§190.060)</u>			
Increase in costs of submitting background checks to MHP	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<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

§190.060 - Ambulance Districts to Conduct Fingerprint Background Checks

This bill repeals an outdated provision regarding the Missouri Uniform Law Enforcement System (MULES). The bill also allows ambulance districts to adopt procedures for conducting fingerprint background checks on current and prospective employees, contractors, and volunteers.

§§190.241 - Stroke Center Designations and Collection of Emergency Care Data

This act provides for an alternative stroke center designation for a hospital. The Department of Health and Senior Services shall designate a hospital, upon receipt of an application, as follows: (1) a level I stroke center if the hospital has been certified as a comprehensive stroke center by the Joint Commission or another certifying organization; (2) a level II stroke center if the hospital has been certified as primary stroke center by the Joint Commission or other certifying organization; or (3) a level III stroke center if the hospital has been certified as a acute stroke-ready hospital by the Joint Commission or other certifying organization. The Department

FISCAL DESCRIPTION (continued)

shall not require compliance with any additional standards for establishing or renewing stroke designations and the designation shall continue as long as the hospital remains certified. The Department may remove a hospital's designation if the hospital so requests or if the Department determines the certification has been suspended or revoked.

Any hospital receiving this alternative designation shall submit annual proof of certification and other contact information, as well as the certification survey results and other specified documents.

Hospitals designated as STEMI or stroke centers shall submit data to the Department for use in the evaluation and improvement of hospital and emergency medical services' trauma, stroke, and STEMI care. The hospitals shall submit data to the Department as described in the act.

The Department shall also use patient abstract data collected from hospital infection reporting, the trauma registry, motor vehicle crash and outcome data, and other publicly available data to provide information and create reports for the purpose of data analysis and needs assessment of traumatic brain and spinal cord-injured persons.

§197.315 - Certificate of Need

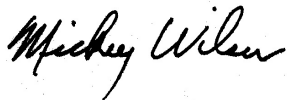
Currently, facilities operated by the state are not required to obtain a certificate of need, appropriation of funds to such facilities by the General Assembly are deemed in compliance with certificate of need provisions, and such facilities are deemed to have received an appropriate certificate of need without payment of any fee or charge. This bill requires hospitals operated by the state and licensed under Chapter 197 to obtain a certificate of need and comply with the other provisions of certificate of need except for Department of Mental Health state-operated psychiatric hospitals.

This proposal contains an emergency clause for sections 190.265 (fences around hospital helipads) and 197.315 (certificate of need)

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 Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration
Department of Mental Health
Department of Public Safety -
Missouri State Highway Patrol
Department of Social Services -
MO HealthNet Division
Division of Legal Services
Joint Committee on Administrative Rules
Office of State Courts Administrator
Office of Secretary of State
University of Missouri
Boone Hospital



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