

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0672S.011  
Bill No.: SB 192  
Subject: Certificate Of Need; Health Care; Health And Senior Services, Department Of;  
Hospitals  
Type: Original  
Date: January 4, 2021

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Bill Summary: This proposal modifies provisions relating to certificates of need.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue	(\$101,586)	(\$124,692)	(\$127,781)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$101,586)</b>	<b>(\$124,692)</b>	<b>(\$127,781)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§197.305, 197.315, 197.320, and 354.095 – Modifies provisions relating to certificates of need

Officials from the **Department of Health and Senior Services (DHSS)** state Section 197.305 removes major medical equipment from the definition of a new institutional health service; therefore, a Certificate of Need (CON) would not be required for major medical equipment. In addition, the provisions of the section omits the construction of a new hospital from the definition of a health care facility as defined in the repealed section 197.366(4); therefore, a CON would not be required for construction of a new hospital.

Officials from the DHSS, Division of Community and Public Health (DCPH) state between FY18, FY19, and FY20, an average of 11 CON applications required a MO Population data request. Each application was charged an average of \$102.50. The Bureau of Health Care Analysis and Data Dissemination (BHCADD) would have an estimated annual loss of revenue of \$1,128 (11 applications x \$102.50).

Officials from the DHSS, Division of Regulation and Licensure (DRL) state the DRL generates an average of \$75,914 of General Revenue from major medical equipment applications. Using a 2.5 percent annual growth rate, the total fiscal impact is projected to be \$66,464 for FY 2022; \$81,751 for FY 2023; and \$83,795 for FY 2024.

In addition, DRL generates an average \$38,827 of General Revenue from new hospital CON applications. Using a 2.5 percent annual growth rate, the total fiscal impact is projected to be \$33,994 for FY 2022; \$41,813 for FY 2023; and \$42,858 for FY 2024.

In summary, DHSS assumes a loss of GR funds of \$101,586 in FY2022; a loss of \$124,692 in FY2023; and a loss of \$127,781 in FY2024 as a result of the reduction in CON fees collected.

**Oversight** does not have any information to the contrary and will present the loss of CON fees collected as presented by the DHSS.

Officials from the **Department of Social Services** and the **Hermann Area Hospital District** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals and nursing homes were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Loss – DHSS</u> (§§197.305 and repealed 197.366)			
Reduction in CON fees collected	<u>(\$101,586)</u>	<u>(\$124,692)</u>	<u>(\$127,781)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$101,586)</u></b>	<b><u>(\$124,692)</u></b>	<b><u>(\$127,781)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

This proposal may positively impact some small business construction companies.

FISCAL DESCRIPTION

This act repeals provisions of the certificate of need law relating to hospitals, excluding long-term care beds in hospitals, and major medical equipment.

This act also makes technical changes to the certificate of need statutes.

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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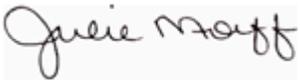
January 4, 2021

SOURCES OF INFORMATION

Department of Health and Senior Services

Department of Social Services

Hermann Area Hospital District



Julie Morff

Director

January 4, 2021



Ross Strobe

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January 4, 2021