

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4084S.01I
 Bill No.: SB 1087
 Subject: Certificate of Need; Department of Health and Senior Services; Health Care;
 Hospitals; Nursing Homes and Long-Term Care Facilities
 Type: Original
 Date: December 21, 2023

Bill Summary: This proposal repeals the certificate of need law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(\$292,440)	(\$360,970)	(\$371,312)
Total Estimated Net Effect on General Revenue	(\$292,440)	(\$360,970)	(\$371,312)

*Represents loss of annual Certificate of Need fees.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Repeals §§197.300-197.367 and implements changes to §§197.705, 198.530, 208.169, and 354.095 – Repeals certificate of need law

Officials from the **Department of Health and Senior Services (DHSS)** state §197.300 of the proposed legislation eliminates the Certificate of Need (CON) in the state of Missouri. The proposed legislation will require changes to state rules and regulations, section policies and procedures, manuals, and forms. The Division of Regulation and Licensure (DRL) assumes it will take approximately 12 additional hours to make the necessary changes. The department anticipates being able to absorb these costs. However, until the FY24 budget is final, the department cannot identify specific funding sources.

Section 197.300 of the proposed legislation would directly impact the General Revenue fund with the elimination of the Certificate of Need (CON). The DHSS, DRL projects a fiscal impact to the General Revenue fund as follows:

Using a three (3) percent annual growth rate, the total fiscal impact projected to General Revenue will be a reduction in fee collections of:

\$290,138 ($\$348,165 * 10/12 = \$290,138$) for FY 2025
\$358,105 for FY 2026
\$368,343 for FY 2027

The proposed legislation would result in an additional loss of General Revenue for DHSS Bureau of Health Care Analyst and Data Dissemination and is estimated to be:

\$2,302 ($\$2,763 * 10/12 = \$2,302$) in FY2025
\$2,865 in FY2026
\$2,969 in FY2027.

Oversight notes, in response to similar legislation from 2021 (2492.02/ HCS for HB Nos.1222 & 1342), DHSS indicated 2 FTE would be lost as a result of the discontinuation of the CON. DHSS officials indicated the appropriation for the CON program has been eliminated from their budget and the two positions referred to have been absorbed in the Division of Regulation and Licensure's Director's Office.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the reduction in fees to the General Revenue Fund as provided by the DHSS.

Officials from the **Department of Social Services** 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 the Department.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 \$5,000. 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 its 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 only reflects the responses received from state agencies and political subdivisions; however, hospitals and nursing homes were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Loss – DHSS (Repeals §§197.300 to 197.367) – Reduction in CON fees</u>	<u>(\$292,440)</u>	<u>(\$360,970)</u>	<u>(\$371,312)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$292,440)</u>	<u>(\$360,970)</u>	<u>(\$371,312)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Any small medical business that would now not have to go through the Certificate of Need process could be positively impacted. There may be a negative fiscal impact for small business consultants that would traditionally be hired to assist companies through the Certificate of Need process.

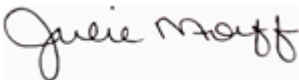
FISCAL DESCRIPTION

This act repeals the Certificate of Need law and certain statutory references to the law. (Repeals §§197.300 to 197.367)


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 Social Services
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
December 21, 2023



Ross Strobe
Assistant Director
December 21, 2023