

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4179-01
Bill No.: SB 1087
Subject: Certificate of Need; Health Care; Health Dept.; Nursing and Boarding Homes;
Hospitals.
Type: Original
Date: February 19, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Missouri Health Facilities Review Committee, and Office of Administration - Division of Budget and Planning** assume the proposed legislation will not fiscally impact their organizations.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated changing the dollar cap on non-renewable projects from \$1 million to \$10 million could have an impact on the DMS. However, it is believed the impact would be a minimal savings.

Under current regulations a facility must have a Certificate of Need (CON) in order to request a rate adjustment. Increasing the threshold from \$1 million to \$10 million will reduce the number of projects that qualify for a rate adjustment, thus reducing rate requests. However, a review of the rate request received in the last two calendar years show only four rate requests were under \$10 million.

Officials from the **Office of the Secretary of State (SOS)** state this bill revises the certificate of need law. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 30 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$1,845 [(30 pp x \$27) + (45 pp x \$23)].

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 **Cole County Circuit Clerk's Office** did not respond to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<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.

DESCRIPTION

This act revises certificate of need law and enacts a review certification procedure for acute care facilities.

Current law provides definitions relating to certificate of need (CON). This act changes the definition of "health care facilities" by removing its reference to non-long term care related facilities and adding long term care beds or hospitals. The definition for and mention of "major medical equipment" is also removed (Section 197.305).

The Missouri Health Facilities Review Committee is currently established in law. This act removes the Committee's ability to hire staff and reassigns employment decisions and oversight to the Department of Health and Senior Services (Section 197.310).

Current law outlines procedures to obtain a CON. The exclusion from a CON for new medical technology is removed and relocated to the review certification Sections in 197.387. Section 197.366 is repealed due to expiration on 12/31/2001. Section 197.367 is repealed regarding residential care facilities I or II with low occupancy levels (Section 197.315).

Sections 197.375 through 197.397, RSMo, contain new language regarding review certification and are similar to language contained in SB 235 (2001). This act provides definitions relating to review certification, such as "acute care facilities", "first-time services", and "review certification" (Section 197.375).

Duties of the Committee are outlined, including the review and approval or disapproval of all applications for review certification (Section 197.378). The procedure for application submission is also outlined. A letter of intent should be submitted thirty days before filing an application and a fee must DESCRIPTION (continued)

accompany the application. The fee will be \$1000 or one-tenth of one percent of the total cost of the project. Applicants have the right to appeal the Committee's decision (Sections 197.381 and 197.384).

Any person proposing a new institutional acute care service, first-time service, the addition of newly licensed beds, or renovations over a certain amount must obtain a non-transferable review certification. Certification will be granted to those meeting the health needs of the community. If costs exceed 10% of the approved amount, the Committee must consent to the increase.

Applicants must submit periodic reports and the Committee may revoke certification in certain situations. A review certification may be forfeited for failure to incur any capital expenditures within twelve months. State agencies may not license, certify, or provide funds to an acute care facility without that facility first obtaining review certification, if required to do so. Review certification may not be denied based on an applicant's refusal to provide abortion services or information. Review certification may not be required for transfer of ownership in a facility's entirety. A review certification may be granted for less than requested in the original application. The purchase and use of new medical technology is exempted from review certification (Section 197.387).

A review certification will not be required for facilities run by the state, nor for nonsubstantive projects (Section 197.390).

Reimbursement for new institutional acute care service project costs over ten percent of the initial estimate will not be paid for the first three years that a facility receives payments for services through Medicaid. A review certification must be granted before payment for excess project costs will be made. The Committee is given rule authority to enforce these sections (Section 197.393 and 197.397).

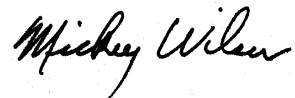
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

HW-C:LR:OD (12/01)

Office of State Courts Administrator
Office of Administration - Division of Budget and Planning
Missouri Health Facilities Review Committee
Department of Social Services - Division of Medical Services
Office of the Secretary of State

NOT RESPONDING: Cole County Circuit Clerk

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Acting Director
February 19, 2002