

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6253-01  
Bill No.: HB 2441  
Subject: Hospitals; Certificate of Need  
Type: Original  
Date: February 15, 2016

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Bill Summary: This proposal specifies that certain health care facilities operated by the state are not exempt from certificate of need requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or Less than \$100,000	\$0 or Less than \$100,000	\$0 or Less than \$100,000
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Less than \$100,000</b>	<b>\$0 or Less than \$100,000</b>	<b>\$0 or Less than \$100,000</b>

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

**FISCAL ANALYSIS**

**ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Hermann Area District Hospital** responded to **Oversight’s** request but did not provide a statement of fiscal impact.

**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...”. In addition, based on available information, it appears the provisions of this proposal would only apply to the University of Missouri Health 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** notes that at the July 2015 Missouri Health Facilities Review Committee meeting, the committee defeated a Certificate of Need application from Fulton Medical Center (in partnership with the University of Missouri) for a 10 bed hospital in southern Columbia. The projected cost of the project was \$36,157,928; therefore, Oversight assumes the applicant paid an application fee (into the General Revenue Fund) of \$36,157. Oversight will assume the fiscal impact of this change will be \$0 or less than \$100,000 per year.

<b><u>FISCAL IMPACT - State Government</u></b>	FY 2017	FY 2018	FY 2019
	(10 Mo.)		

**GENERAL REVENUE FUND**

**Income - DHSS (\$197.315)**

CON fees for certain facilities operated by the state	<u>\$0 or Less than</u> <u>\$100,000</u>	<u>\$0 or Less than</u> <u>\$100,000</u>	<u>\$0 or Less than</u> <u>\$100,000</u>
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<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 or Less than</u></b> <b><u>\$100,000</u></b>	<b><u>\$0 or Less than</u></b> <b><u>\$100,000</u></b>	<b><u>\$0 or Less than</u></b> <b><u>\$100,000</u></b>
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<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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**UNIVERSITY FUNDS**

Costs - State-Operated Hospitals  
 (\$197.315)

Certificate-of-Need application fees	<u>\$0 or (Less than \$100,000)</u>	<u>\$0 or (Less than \$100,000)</u>	<u>\$0 or (Less than \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON UNIVERSITY FUNDS</b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>	<b><u>\$0 or (Less than \$100,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (12 Mo.)	FY 2018	FY 2019
	<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

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 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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SOURCES OF INFORMATION

Hermann Area District Hospital

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  
Director  
February 15, 2016

Ross Strobe  
Assistant Director  
February 15, 2016