

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6253-02
Bill No.: Perfected HCS for HB 2441
Subject: Hospitals; Certificate of Need
Type: Original
Date: April 5, 2016

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

FISCAL SUMMARY

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

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 5 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
Total Estimated Net Effect on FTE	0	0	0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **University of Missouri Health Care** state 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 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.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Income - DHSS</u>			
Increase in Certificate-of-Need 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 THE GENERAL REVENUE FUND	<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 - 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 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>	<u>\$0 to (Less than \$100,000)</u>
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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>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (12 Mo.)	FY 2018	FY 2019
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Mental Health
Department of Social Services -
 MO HealthNet Division
 Division of Legal Services
University of Missouri



Mickey Wilson, CPA
Director
April 5, 2016

Ross Strobe
Assistant Director
April 5, 2016