

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5988-02
Bill No.: HCS for HB 2402
Subject: Health and Senior Services Department; Hospitals
Type: Original
Date: February 26, 2016

Bill Summary: This proposal requires the Department of Health and Senior Services to promulgate regulations for the construction and renovation of hospitals which include certain standards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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 **Department of Social Services (DSS), MO HealthNet Division (MHD)** and **Division of Legal Services** state MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Any requirements resulting from these Department of Health and Senior Services (DHSS) regulations would be effective for hospitals beginning August 28, 2016 and any changes in hospital expenditures would begin to be reflected in 2016 or 2017 cost reports. MO HealthNet would use 2016 and 2017 cost reports to establish reimbursement for State Fiscal Year (SFY) 20 and SFY 21 respectively. Therefore, there would not be a fiscal impact to the MHD for SFY 17, SFY 18, or SFY 19, but starting in SFY 20 there could be a fiscal impact to Medicaid due to the requirements set forth by DHSS.

Oversight notes since it is unknown what DHSS' requirements could be, it is unknown whether there would be Medicaid costs beginning in SFY 20. Since these costs are speculative at this time, Oversight is not presenting these costs in the fiscal note.

Officials from the **University of Missouri Health Care** state they have reviewed the proposed legislation and determined that as written, it should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Health and Senior Services** and the **Cass Regional Medical Center** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from the from the **Hermann Area District Hospital** stated they feel the proposal may have some savings because there will no longer be a duplication of codes so compliance would be simpler.

Oversight notes the Hermann Area District Hospital's response did not indicate whether the savings would be significant and, therefore, assumes the statement "some savings" indicates a minimal fiscal impact.

ASSUMPTION (continued)

In response to the previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated 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 \$2,500. 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 the 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 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.

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Golden Valley Memorial Hospital, Hermann Area District Hospital, Macon County Samaritan Memorial Hospital, Putnam County Memorial Hospital and Washington County Memorial Hospital did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 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

The proposed legislation appears to have no direct fiscal impact.

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
Joint Committee on Administrative Rules
Office of Secretary of State
University of Missouri
Cass Regional Medical Center
Hermann Area District Hospital



Mickey Wilson, CPA
Director
February 26, 2016

Ross Strobe
Assistant Director
February 26, 2016