

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3818-01
Bill No.: HB 1945
Subject: Elderly; Health Care; Nursing and Boarding Homes
Type: Original
Date: March 4, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)	(Unknown exceeding \$111,960)

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

* Revenues and expenditures Unknown exceeding \$100,000 but net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Health Facilities Review Committee** stated in calendar year 2001, 31 LTC projects were reviewed for expansion through purchase and/or replacement, which resulted in \$47,300 in application fees. These fees were deposited into General Revenue. This proposal would allow these facilities to add RCR and/or ICF/SNF beds or replace a facility without first obtaining a Certificate of Need. Therefore, there would be a loss to General Revenue.

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions related to the proposed legislation:

197.370.1 The DOH believes that exempting continuing care retirement centers from the certificate of need program may substantially increase the number of these facilities statewide. Since this section does **not** exempt continuing care retirement centers from the licensure requirements in Chapter 198, the DOH assumes any fiscal impact will be related to an increase in the number of these facilities providing residential, intermediate or skilled nursing care that must be licensed and inspected. Therefore, depending on the number of continuing care retirement communities that may be established that provide residential, intermediate or skilled nursing care, the DOH may need to request additional FTE in the future.

197.370.3 This section requires any skilled nursing facility that fails to achieve a specified occupancy level to relinquish beds. The DOH assumes that any fiscal impact will be related to a reduction in a facility's licensed capacity which would affect license fees and inspection activities. However, the DOH believes that since any relinquished beds will most likely be reallocated to a different facility, any fiscal impact will be negligible.

The DOH officials stated this legislation may have an indeterminate fiscal impact on local governments that operate skilled nursing facilities that must relinquish beds for failure to achieve a specified occupancy rate.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated the proposed legislation will have a fiscal impact to the DMS. The continuing care retirement community (CCRC) could build residential or skilled nursing beds - Personal Care in an RFC and NF care are Medicaid covered services. It is assumed the resident would be more willing to move to these beds if the beds are located in their community. The fiscal impact is unknown, but the impact would be at least \$100,000. The number of entities that provide congregate housing and independent living, but do not have RCF or SNF beds to meet the CCRC definition is unknown. However, there are several located throughout Missouri.

ASSUMPTION (continued)

If one entity built 10 SNF beds to meet the CCRC definition and certified the beds to participate in Medicaid, the annual cost would be at least \$100,000.

10 beds	
77%	Occupancy (average of State)
2,810	Total patient days in a year
62%	Medicaid share of total days
1,742	Medicaid days
<u>\$95.74</u>	Medicaid interim rate
<u>\$166,779</u>	Medicaid costs

<u>FISCAL IMPACT - State Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Loss - Missouri Health Facilities Review Committee</u>			
Loss in application fees	<u>(\$47,300)</u>	<u>(\$47,300)</u>	<u>(\$47,300)</u>
Total <u>Loss</u> - Missouri Health Facilities Review Committee	<u>(\$47,300)</u>	<u>(\$47,300)</u>	<u>(\$47,300)</u>
<u>Costs - Department of Social Services - Division of Medical Services</u>			
	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>
Medicaid Nursing Facility Payments			
	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>	<u>(Unknown exceeding \$64,660)</u>
Total <u>Costs</u> - Department of Social Services			
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$111,960)</u>	<u>(Unknown exceeding \$111,960)</u>	<u>(Unknown exceeding \$111,960)</u>

FEDERAL FUNDS

<u>FISCAL IMPACT - State Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
<u>Income - Department of Social Services - Division of Medical Services</u>			
Medicaid Reimbursements	Unknown exceeding \$102,119	Unknown exceeding \$102,119	Unknown exceeding \$102,119
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medicaid Nursing Facility Reimbursements	(Unknown exceeding \$102,119)	(Unknown exceeding \$102,119)	(Unknown exceeding \$102,119)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (12 Mo.)	FY 2004	FY 2005
LOCAL GOVERNMENT NURSING FACILITIES			
<u>Savings - Local Government Nursing Facilities</u>			
Reduction of Costs from Loss in Beds	Unknown	Unknown	Unknown
<u>Loss - Local Government Nursing Facilities</u>			
Lost Revenue from Reduction in Beds	(Unknown)	(Unknown)	(Unknown)
NET ESTIMATED EFFECT ON LOCAL GOVERNMENT NURSING FACILITIES	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>

FISCAL IMPACT - Small Business

The proposed legislation may impact small business retirement communities. The net effect is unknown.

DESCRIPTION

This bill exempts proposed additions and projects of continuing care retirement communities from the Certificate of Need Law.

The bill requires skilled nursing facilities which have been licensed more than three years and have failed to have a 55% occupancy level for the previous six quarters to relinquish to the Division of Aging beds in excess of 65% of the facility's licensed beds. The facility may reacquire the beds after obtaining a 90% occupancy rate on the remaining beds for one year.

The bill also allows a person who owns a continuing care retirement community to relocate beds to another continuing care retirement community owned by the person or change the licensure category of the beds and relocate the beds to another continuing care retirement community owned by the person.

The bill contains an emergency clause.

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

Missouri Health Facilities Review Committee
Department of Health and Senior Services
Department of Social Services



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March 4, 2002