

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0888-02
Bill No.: SB 338
Subject: Certificate of Need; Elderly; Health, Public; Nursing and Boarding Homes
Type: Original
Date: March 7, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown greater than \$38,530	Unknown greater than \$38,530	Unknown greater than \$38,530
Total Estimated Net Effect on General Revenue Fund	Unknown greater than \$38,530	Unknown greater than \$38,530	Unknown greater than \$38,530

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses of unknown but greater than \$61, 470 would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** and the **Department of Health and Senior Services** assume this proposal would not fiscally impact their agencies.

Officials from the **Missouri Health Facilities Review Committee (MHFRC)** state that the fiscal impact on General Revenue is minimal since the moratorium expired December 31, 2002. MHFRC states most of the proposals received to date were non-applicability applications for which there is no application fee.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state since the moratorium has expired nothing shall prevent a certificate of need (CON) from being issued for additional beds in existing facilities or new beds from being constructed, provided construction does not begin prior to January 1, 2004. The DMS estimates that this proposed legislation will generate a cost avoidance to the Medicaid program. This is based on the assumption that new construction and facilities with new additions receive a higher per diem. Current regulation allows for a rate adjustment because of the addition of beds. For example, **THE AVERAGE PER DIEM INCREASE FOR NEWLY CONSTRUCTED BEDS HAS BEEN \$2.39. FOR A 100-BED FACILITY WITH TOTAL OCCUPANCY**

**AT 75% AND 60% OF THE RESIDENTS MEDICAID, THE ANNUAL
 MEDICAID PATIENT ASSUMPTION (CONTINUED)**

DAYS WOULD BE 16,425. THE ABOVE PERCENTAGES ARE APPROXIMATE STATEWIDE AVERAGES. THE 16,425 MEDICAID DAYS MULTIPLIED BY \$2.39 WOULD RESULT IN AN ADDITIONAL \$39,256 MEDICAID EXPENDITURE. IF ONLY FOUR (4) FACILITIES WITH 100 BEDS OR A TOTAL OF 400 BEDS WERE CONSTRUCTED, THE ADDITIONAL MEDICAID EXPENDITURE WOULD BE \$157,024. THEREFORE, THE DMS BELIEVES THE COST AVOIDANCE WOULD BE UNKNOWN BUT GREATER THAN \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
-----------------------------------------	---------------------	---------	---------

GENERAL REVENUE

<u>Cost Avoidance - Department of Social Services - Division of Medical Services</u>	<u>Unknown</u> <u>greater than</u> <u>\$38,530</u>	<u>Unknown</u> <u>greater than</u> <u>\$38,530</u>	<u>Unknown</u> <u>greater than</u> <u>\$38,530</u>
--------------------------------------------------------------------------------------	----------------------------------------------------------	----------------------------------------------------------	----------------------------------------------------------

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>UNKNOWN</u> <u>GREATER</u> <u>THAN \$38,530</u>	<u>UNKNOWN</u> <u>GREATER</u> <u>THAN \$38,530</u>	<u>UNKNOWN</u> <u>GREATER</u> <u>THAN \$38,530</u>
----------------------------------------------------	-------------------------------------------------------------------------------	-------------------------------------------------------------------------------	-------------------------------------------------------------------------------

FEDERAL

<u>Cost Avoidance - Department of Social Services - Division of Medical Services</u> Program costs	Unknown greater than \$61,470	Unknown greater than \$61,470	Unknown greater than \$61,470
-------------------------------------------------------------------------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------

<u>Loss - Department of Social Services - Division of Medical Services</u> Federal Assistance	(Unknown greater than \$61,470)	(Unknown greater than \$61,470)	(Unknown greater than \$61,470)
--------------------------------------------------------------------------------------------------	---------------------------------------	---------------------------------------	---------------------------------------

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<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 proposal restores the moratorium on the expenditure minimum for beds in long-term care facilities until January 1, 2007.

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



MICKEY WILSON, CPA
DIRECTOR
MARCH 7, 2003