

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1082-03
Bill No.: SB 449
Subject: Certificate of Need; Health Care; Health Care Professionals; 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	(\$126,000)	(\$126,000)	(\$126,000)
Total Estimated Net Effect on General Revenue Fund	(\$126,000)	(\$126,000)	(\$126,000)

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
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$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 Economic Development - Division of Professional Registration** state that this proposal would not fiscally impact their agency.

Officials from the **Missouri Health Facilities Review Committee (MHFRC)** state this proposal would result in the loss of application fees which go into General Revenue. MHFRC states there would be no oversight for new or expanded acute care services.

MHFRC states as of January 31, 2003, \$147,000 has been collected in application fees. When annualized, approximately \$252,000 of application fees will be received in FY 04. These fees are for both long term care and acute care applications. MHFRC estimates approximately 50% of the application fees collected as of January 31, 2003 were for acute care applications. Therefore, the MHFRC estimates a loss of \$126,000 per year for application fees.

Officials from the **Department of Mental Health (DMH)** state that state operated long term care facilities are exempted from review certification. Therefore, there is no fiscal impact to the DMH.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DOH)** state this proposal would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact any DOH programs, the DOH would request funding through the legislative process.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that the cost impact would be to the hospital program and is unknown. DMS states hospitals are paid on a per diem rate for each day that the recipient is in the hospital. A new facility is paid either the Medicare per diem rate or 120% of the weighted average statewide per diem rate for the first three years of operation. The fourth year of operation they are given a prospective per diem rate based off of their fourth prior year cost report. DMS states with the addition of new hospitals, existing hospitals would lose patient days as individuals may go to the new hospital instead of the existing hospital. The cost to the state could either be more or less depending on the rate the new hospital is receiving versus the rate the existing hospital is receiving. The cost increase for capital would not be reflected until the hospital receives their prospective per diem rate using their fourth prior year cost report. This would not be expected to happen until FY 08.

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

Revenues—Missouri Health Facilities
 Review Committee

Reduction in application fees	<u>(\$126,000)</u>	<u>(\$126,000)</u>	<u>(\$126,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$126,000)</u>	<u>(\$126,000)</u>	<u>(\$126,000)</u>
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<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 act limits the certificate of need law to only long-term care facilities.

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
Department of Mental Health
Department of Economic Development -
Division of Professional Registration



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