COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3864-05
Bill No.: HCS for HB 1477 & 1563
Subject: Health Care; Health Care Professionals; Health Department; Hospitals
Type: Original
Date: April 6, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	($430,739)	($536,824)	($550,587)
Total Estimated Net Effect on General Revenue Fund	**($430,739)**	**($536,824)**	**($550,587)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on All State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** state the proposal requires DOH to collect and analyze data on nosomocial infection data from health care providers including hospitals, produce a consumer guide on findings and trends, and implement prevention and control strategies. DOH states 125 hospitals will be required to submit data on nosocomial infections in their respective hospitals. There are approximately 725,000 Missouri patients annually. DOH assumes that 7% of the patients in Missouri hospitals have a nosocomial infection, or 725,000 x .07 = 50,750 cases per year. The proposal requires that the DOH collect sufficient information to risk adjust the data. DOH estimates that a minimum of 20 data elements per record or 50,750 x 20 = 1,015,000 data items per year would have to be collected.

DOH states it would need to revise hospital and ambulatory surgical center regulations to reflect the proposal's infection control provisions. The statutory and regulatory changes will result in: (1) Additional infection control complaints that will require investigation, (2) Increased inspection time due to need to evaluate compliance with additional statutory and regulatory requirements, and (3) Increased inspection/investigation time due to identification of infection control problems stemming from receipt and analysis of infection data from facilities.

ASSUMPTION (continued)

DOH states it is required to implement surveillance, educational, and control activities as part of the legislation.

Staffing:
Division of Environmental Health Care and Communicable Disease Prevention

Health Educator III - This position is responsible for planning and directing prevention and control strategies in collaboration with providers, developing and using various educational materials and methods, working with health care providers, medical associations and consumers to implement activities, and coordinating the publication of a consumer guide.

Epidemiology Specialist - This position is responsible for the collection and review and analysis of nosocomial infection data, preparation of reports on findings and trends in antibiotic resistance, and developing data for presentation in publications including articles.

Center for Health Information Management and Evaluation
Three Research Analyst IIIs and 1 Senior Office Support Assistant will be needed to:
· Determine what data elements are needed to conduct the required analysis.
· Publish rules.
· Create data reporting requirements.
· Prepare correspondence with hospitals on the reporting requirements.
· Create computer edits to ensure clean data.
· Correspond with hospitals on edit reports.
· Create management controls to ensure hospitals are reporting according to the rules.
· Correspond with hospitals that are not responding as required.
· Create a database for analysis.
· Conduct a later review on appropriate risk adjustmenttechniques.
· Develop a risk adjustment technique suitable for the data.
· Create reports on hospitals.
· Publish reports on a quarterly basis.
· Correspond with hospital concerning complaints about the reports.
· Respond to consumers and media inquiries about the report.

DOH reports in federal fiscal year 2003, 16 complaints were received alleging infection control issues in regulated health care facilities. As of March 11, 2004 of federal fiscal year 2004, 9 such complaints have been received. If this rate continues through the remainder of federal fiscal year 2004, approximately 22 infection control complaints will be received. Assuming a doubling of the rate of complaints due to the increased visibility and patient education resulting from this

ASSUMPTION (continued)

legislation, an additional 22 complaints would need to be investigated each year. Infection control complaints are some of the most time consuming to investigate because they involve extensive observation in multiple areas of the hospital. DOH estimates a typical infection control complaint investigation following the statutory and regulatory changes would require 56 hours for investigation, write-up, and follow-up. This results in the need for an additional 1,232 hours of employee time (22 additional investigations x 56 hrs./investigation).

DOH estimates that statutory and regulatory changes would result in adding an additional 8 hours of inspection time for each of the 150 hospitals and an additional 6 hours of inspection time for each of the 62 ambulatory surgical centers licensed each year. This additional time for inspections includes write-up, and follow-up time in addition to the additional time at the facility. These changes will result in the need for an additional 1,572 hours of employee time [(150 facilities x 8 hours) + (62 facilities x 6 hours)].

The number of additional inspections/investigations that might be necessitated by concerns resulting from receipt and analysis of infection data is unknown at this time.

Total estimated hours of additional employee time:	
Increased complaint investigations	1,232 hours
Increased inspection time	1,572 hours
Inspections/Investigations due to concerns identified by data	Unknown
Total	2,804 hours plus

Two FTE full-time Health Facility Nursing Consultants would be needed to assume the additional duties involved above. It would be necessary to hire inspectors that have extensive knowledge and experience in infection control; therefore, DOH has used an annual salary rate of $53,484 instead of the market rate of $49,140 annually (4 steps above market).

Officials from the **Office of Attorney General (AGO)** assume that this proposal may create additional costs, as it permits the DOH to issue subpoenas. AGO assumes that it would be required to review subpoenas and represent the DOH in the enforcement of subpoenas. AGO further assumes that any potential costs arising from this proposal would be minimal and could be absorbed with existing resources.

Officials from **Cedar County Memorial Hospital** estimate annual costs of $44,725 would be incurred for staff, computer software, supplies, etc. as a result of this proposal.

ASSUMPTION (continued)

Officials from Barton Co Memorial Hospital, Bates County Memorial Hospital, Cass Medical Center, Excelsior Springs Medical Center, Lincoln County Medical Center, Macon County Samaritan Memorial Hospital, and Washington County Memorial Hospital did not respond to our fiscal note request. **Oversight** assumes there will be an unknown cost to county hospitals for the necessary database systems to track infections.

FISCAL IMPACT - State Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
Costs - Department of Health and Senior Services			
Personal Services (8 FTE)	($269,216)	($331,136)	($339,414)
Fringe Benefits	($111,455)	($137,090)	($140,517)
Expense and Equipment	($110,068)	($68,598)	($70,656)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**($490,739)**	**($536,824)**	**($550,587)**

FISCAL IMPACT - Local Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL FUNDS			
Costs - County Hospitals			
Expense and equipment	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL FUNDS	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - Small Business

This proposal would have potential costs to small hospitals, ambulatory surgical centers, and other health facilities that the DOH may designate related to the collection, analysis, and reporting of nosocomial infection data.

DESCRIPTION

This proposal creates the Missouri Nosocomial Infection Control Act of 2004. The proposal:

(1) Authorizes the Department of Health and Senior Services (DOH) to collect, analyze, and disclose nosocomial data obtained from hospital patient medical records. Currently, the DOH obtains this information to conduct epidemiological studies;

(2) Creates various definitions, including "nosocomial infection," "nosocomial infection incidence rate," and "other facility";

(3) Requires the DOH to maintain the confidentiality of a patient's medical records;

(4) Requires the DOH to collect patient abstract data and nosocomial incidence infection rates from hospitals, ambulatory surgical centers, and other facilities as determined by administrative rule. The collection of nosocomial infection data does not extend to a physician's office;

(5) Requires the DOH to develop rules governing the collection, risk adjustment, and reporting of nosocomial infection incidence rates by July 1, 2005;

(6) Requires the DOH to use data collection methodologies established by the National Nosocomial Infection Surveillance Program of the Centers for Disease Control and Prevention;

(7) Requires the DOH to submit quarterly reports of nosocomial infections to the public. The DOH is also required to post the reports on their web site beginning April 1, 2006. The reports will also be distributed on an annual basis to the Governor and the General Assembly;

(8) Requires the quarterly reports to reveal risk-adjusted nosocomial infection incidence rate data for methicillin-resistant staphylococcus aureus, vancomycin-resistant enterococcus infections, and other infections;

(9) Requires the DOH to collect nosocomial infection incidence rates if the Hospital Industry Data Institute fails to do so by July 31, 2008;

(10) Requires the nosocomial infection data collected or published to be available to the DOH for the purpose of licensing hospitals and ambulatory surgical centers;

(11) Requires hospitals, ambulatory surgical centers, and other facilities to have procedures for monitoring compliance with infection control regulations;

DESCRIPTION (continued)

(12) Gives infection control officers the authority to require hospitals to terminate a practice or procedure which does not meet the standard of care for the prevention of nosocomial infections;

(13) Prohibits hospitals and ambulatory surgical centers from taking retaliatory actions against infection control officers and other employees who discuss any aspect of care with an agent of the DOH concerning potential hospital infection issues or complaints;

(14) Requires each hospital and ambulatory surgical center to have an active multi-disciplinary infection control committee responsible for implementing and monitoring compliance with the substitute or similar federal regulations;

(15) Requires the DOH to develop rules to establish standards for an infection control program by July 1, 2005, and specifies the subject areas for the standards;

(16) Requires that on-site surveys of hospitals by non-governmental entities who evaluate the quality of health care delivered be unannounced. Announced survey results will not be used to issue statements about the quality of the hospital surveyed;

(17) Gives the DOH access to all data and information held by hospitals, ambulatory surgical centers, and other medical facilities relating to their infection control practices. Facilities that willfully impede access to the information will be subject to a subpoena; and

(18) Prohibits information disclosed by the public for the purpose of compliance with the substitute from being used to establish a standard of care in a private civil suit.

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
Cedar County Memorial Hospital
Office of Attorney General

NOT RESPONDING: Barton Co Memorial Hospital, Bates County Memorial Hospital, Cass Medical Center, Excelsior Springs Medical Center, Lincoln County Medical Center, Macon County Samaritan Memorial Hospital, and Washington County Memorial Hospital

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Director
April 6, 2004