

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4138-01  
Bill No.: HB 1204  
Subject: Elderly ; Health Care Professionals; Nursing and Boarding Homes  
Type: Original  
Date: March 5, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$79,316)	(\$79,316)	(\$79,316)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$79,316)</b>	<b>(\$79,316)</b>	<b>(\$79,316)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

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 from January 1, 2003 to December 9, 2003, \$79,316 was collected in application fees for major medical equipment and/or acute care-related projects, which was deposited into General Revenue. MHFRC states under this proposal, certificate of need would apply only to long term care projects.

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

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that hospitals are paid on a per diem rate for each day that the recipient is in the hospital. A new

ASSUMPTION (continued)

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 09.

Officials from the **Department of Health and Senior Services (DOH)** assume the effect of the removal of the certificate of need process for health care services and health care facilities is unknown. There is an indeterminate fiscal impact, which could result from additional costs or from cost savings due to future impact regarding the number of health care services or health care facilities requiring licensure, inspection and/or complaint investigations. If the result of the legislation was to increase the number of facilities being built and operated then the cost of the legislation on the DOH would be greater than \$100,000. However, if the result of the legislation were to not impact the supply of facilities being operated then the fiscal impact on the DOH would be minimal.

**Oversight** assumes if the proposal were to substantially impact any DOH programs, the DOH would request funding through the legislative process

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**GENERAL REVENUE**

Revenues—Missouri Health Facilities  
Review Committee

Reduction in application fees	<u>(\$79,316)</u>	<u>(\$79,316)</u>	<u>(\$79,316)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$79,316)</u></b>	<b><u>(\$79,316)</u></b>	<b><u>(\$79,316)</u></b>
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FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

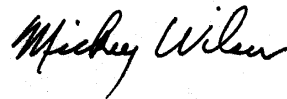
DESCRIPTION

This proposal limits the application of the Certificate of Need Program to long-term care facilities. Currently, it covers health 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  
Office of Attorney General  
Department of Mental Health



Mickey Wilson, CPA  
Director  
March 5, 2004