

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1255-02  
Bill No.: HB 508  
Subject: Health Care; Health Department; Health, Public; Hospitals  
Type: Original  
Date: February 15, 2007

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Bill Summary: This proposal requires any public or private entity receiving a complaint about care delivered in a hospital licensed in this state to forward the complaint to the Department of Health and Senior Services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Greater than \$100,000)</b>	<b>(Greater than \$100,000)</b>	<b>(Greater than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services (DSS) - Division of Medical Services (DMS)** does not believe the DMS would be considered as an entity that holds itself out to receive complaints about health care in hospitals. Therefore, there is no fiscal impact to the DSS.

Officials from the **Department of Mental Health (DMH)** state this proposal should not apply to the Department because none of the DMH facilities are licensed by the Department of Health and Senior Services (DHSS). If DMH received a complaint about care received in a licensed hospital, DMH would not have jurisdiction to investigate and would forward the complaint to the DHSS or the Department of Social Services, depending on the age of the patient. There is no fiscal impact to the Department.

Officials from the **Department of Health and Senior Services (DHSS) - Division of Regulation and Licensure (DRL)** state the fiscal impact on the DRL is unknown, but is believed to be in excess of \$100,000. DRL will also need an unknown number of additional staff.

DRL believes there will be an increase in the number of complaint investigations to be completed, but the number and magnitude of those investigations is presently unknown.

Section 197.145.2. states that any public or private entity, including governmental agencies, that hold themselves out as an entity that receives complaints regarding the care delivered in a hospital licensed in the state must forward such complaints to the department. Section 197.145.2 further states that the department must investigate any complaints received which were either not investigated by the forwarding entity or were investigated without a case review.

ASSUMPTION (continued)

DRL is not sure exactly what entities would be required to report complaints under this legislation. One entity that may be required to report is the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). In 2006, JCAHO received twenty-six thousand (26,000) complaints nationwide. If Missouri is considered to be an average state, then we could expect to receive 520 complaints annually from JCAHO. Of those 520 complaints, DRL cannot determine how many may be duplicative of complaints that DRL also received and investigated, how many were already investigated with a case review by JCAHO, or how many will require a full investigation and case review by the department. We also have no way of determining how many complaints could come from other entities required to report.

Complaint surveys require sixty-seven (67) hours of staff time for pre-inspection activities, travel time, on-site inspection time, and off-site reviews. Given 2,080 working hours in a year, an employee could perform 31 full complaint investigations a year. Considering the salary for a Health Facility Nursing Consultant to be \$46,284 (2 steps above entry level), along with related fringe benefits, \$100,000 of cost would be exceeded if only two staff were hired. At this time DRL cannot determine the actual number of staff needed.

Section 197.145.5 indicates entities in violation of the proposal would be subject to fines. The proposal does not identify what fund is to receive the fines or for what purpose the fines are to be used. **Oversight** assumes no entities would be fined.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**GENERAL REVENUE FUND**

Costs - Department of Health and Senior  
 Services

Complaint Investigations	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>
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FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

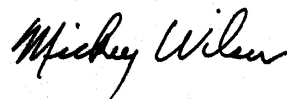
FISCAL DESCRIPTION

This legislation requires any public or private organization that receives complaints about hospital care to forward the complaints to the Department of Health and Senior Services. The department is allowed to inquire into any complaint that was not investigated by the forwarding organization. Any organization violating the provisions of the bill will be fined up to \$500 for the first offense, and the fine for any second or subsequent offense will increase by \$1,000 for each violation.

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 Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services



Mickey Wilson, CPA  
Director

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