

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1255-03
Bill No.: HCS for HB 508
Subject: Health Care; Health Department; Health, Public; Hospitals
Type: Original
Date: March 15, 2007

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

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

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

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

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.

The DRL believe 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 197.145.3. requires Health Standards and Licensure (HSL) to investigate any complaints investigated by hospitals, peer review organizations or the joint commission that failed to include a case review, as defined. The number of complaints received by hospitals or peer review organizations is unknown. It is believed only a small percentage of complaints investigated by the joint commission actually include a case review.

In 2006, JCAHO received twenty-six thousand (26,000) complaints nationwide. Based on this number and if Missouri is considered to be an average state, then we could expect JCAHO to receive 520 complaints from this state. If only 10% of these complaints included a case review, that would leave 468 additional complaints for the section to investigate.

ASSUMPTION (continued)

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 we cannot determine the actual number of staff needed.

<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><u>(Greater than \$100,000)</u></u>	<u><u>(Greater than \$100,000)</u></u>	<u><u>(Greater than \$100,000)</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - Small Business

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

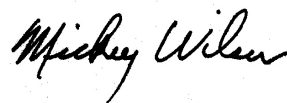
FISCAL DESCRIPTION

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



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Director
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