

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1980-01
Bill No.: HB 832
Subject: Economic Development Dept.; Licenses - Professional; Nursing and Boarding Homes
Type: Original
Date: February 21, 2007

Bill Summary: Revises laws relating to the licensing of nursing home administrators.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	\$0	(\$2,350)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(\$2,350)

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 Revenue** and **Department of Insurance, Financial and Professional Regulation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or more complex cases, there could be a fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Health and Senior Services (DOH)** state currently there are 1,559 licensed nursing home administrators in Missouri. Approximately 886 of these individuals are working in skilled nursing facilities, intermediate care facilities, assisted living facilities, and residential care facilities that follow RCF II regulations. There are an additional 264 administrators (who may or may not be licensed nursing home administrators) who are working in residential care facilities. This leaves 409 licensees who are not using the license and may choose the inactive status. The Division of Regulation and Licensure (DRL) estimate that approximately 15% of the 409 (or 61) must maintain an active license due to their position with a nursing home corporation or who work as a consultant. That reduces the total to 348. Of the 348, based upon the history of non-renewals, approximately 160 licensees will choose to not renew the license for various reasons such as moving out of state, leaving the profession, etc, and most likely would not choose inactive status. That leaves 188 that are not using the license and may choose the inactive status. Of those remaining 188 licensees, the DLR estimates that approximately half, or 94, will elect the inactive status to avoid continuing education and licensure costs. If 94 licensees elect inactive status, they must pay the \$100 renewal fee for the initial inactive license and will pay a fee yet to be determined by rule every two years to renew the inactive license (for a maximum of 6 years).

Licensees are required to renew their license every two years, with approximately half of the licensees renewing in odd numbers years and half renewing in even number of years. Therefore, of the 94 licensees the DRL assumes will elect inactive status, approximately half (47)

ASSUMPTION (continued)

will apply for an inactive license in FY 08 and the other half (47) will apply for an inactive license in FY 09. The amount of fees collected in FY 08 and FY 09 would not change since the fee will be the same for the initial inactive license as the fee for an active license (\$100). Since the licensees will be required to renew their inactive license every two years, the first year the inactive licensees will be eligible for a reduced fee will be FY 10. Although it is yet to be determined, for this fiscal analysis, the DOH will assume the inactive renewal fee will be set at \$50 every two years. If the inactive renewal fee is set at \$50, and if 47 licensees choose to renew their inactive license in FY 10, the reduction for FY 10 will be \$2,350. The DRL assumes a loss of revenue at approximately this same amount for each year thereafter.

This proposal will result in a decrease in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Loss - Department of Health and Senior Services</u>			
Reduction in licensing revenue	<u>\$0</u>	<u>\$0</u>	<u>(\$2,350)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>(\$2,350)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may positively impact small business nursing facilities by saving litigation costs as licensees will no longer have to go before the Administrative Hearing Commission.

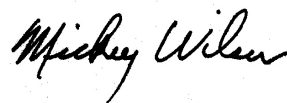
FISCAL DESCRIPTION

This proposal changes the laws regarding licensure of nursing home administrators. The proposal: (1) Requires licensing fees to be paid to the Department of Health and Senior Services rather than the Department of Revenue; and (2) Authorizes the board to establish an inactive license for a licensee who requests it.

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

Office of Administration -
 Administrative Hearing Commission
Department of Insurance, Financial and Professional Regulation
Department of Health and Senior Services
Department of Revenue
Office of Secretary of State



Mickey Wilson, CPA
Director
February 21, 2007