

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5029-01
Bill No.: HB 2355
Subject: Boards, Commissions, Committees, Councils; Health Care; Nursing and Boarding Homes
Type: Original
Date: March 31, 2008

Bill Summary: This legislation makes various changes to the Missouri Health Facilities Review Committee for the certificate of need program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$93,142)	(\$114,788)	(\$118,233)
Total Estimated Net Effect on General Revenue Fund	(\$93,142)	(\$114,788)	(\$118,233)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☐ 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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** states the DMH and its facilities are not subject to licensure under chapter 197 RSMo, therefore such changes do not impose a fiscal impact upon the DMH. No fiscal impact.

Officials from the **Department of Social Services** assume the proposal does not change what health care facilities or services would be approved or disapproved; therefore the MO HealthNet assumes no impact.

Officials from the **Missouri Health Facilities Review Committee (MHFRC)** assume the proposal could result in a change from the way Certificate of Need (CON) meetings are now conducted to more of a judicial process where applicants would be placed under oath when testifying before the MHFRC. It would also change the structure of the MHFRC and eliminate ex parte contact.

Under the new judicial process, the length of CON meetings could increase substantially resulting in the need to conduct meetings more frequently, perhaps on a monthly basis. This would result in additional travel expenses. A new clerical position would be needed to make travel arrangements, process expense vouchers, and prepare meeting materials.

Finding meeting space for additional meetings could be problematic so there would be an added cost to rent meeting rooms. Currently the MHFRC conducts its meetings in the Capitol building at no cost. Under the new process, a new attorney would be required on staff to process subpoenas, place witnesses under oath, and assure legal procedure compliance. There would be additional costs for a court reporter, because under the judicial process, it would be necessary to have a transcript made of each meeting.

MHFRC expects that there would be more public hearings held in local communities to provide an opportunity for residents to comment on a project. This would also result in additional travel expenses for Committee members and staff.

MHFRC does not anticipate a change to the number of applications which would be filed or the amount of applications fees going in to General Revenue.

ASSUMPTION (continued)

The MHFRC fiscal impact includes: One new Office Support Assistant (clerical) \$20,748, One staff attorney \$45,000, travel (attorney) \$5,000, four additional CON meetings/year \$6,400 and meeting rooms \$750.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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GENERAL REVENUE FUND

Costs - Missouri Health Facilities Review
 Committee

Personal Services	(\$56,434)	(\$69,752)	(\$71,845)
Fringe Benefits	(\$24,955)	(\$30,844)	(\$31,770)
Equipment and Expense	<u>(\$11,753)</u>	<u>(\$14,192)</u>	<u>(\$14,618)</u>
<u>Total Costs - MHFRC</u>	<u>(\$93,142)</u>	<u>(\$114,788)</u>	<u>(\$118,233)</u>
FTE Change - MHFRC	2 FTE	2 FTE	2 FTE

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>(\$93,142)</u>	<u>(\$114,788)</u>	<u>(\$118,233)</u>
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Estimated Net FTE Change for General
 Revenue Fund

2 FTE	2 FTE	2 FTE
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation changes the laws regarding the Missouri Health Facilities Review Committee for the Certificate of Need Program. The legislation changes the membership of the committee to.

All members will be appointed by the Governor with the advice and consent of the Senate and serve a four-year term. No more than five members can be from the same political party.

For all hearings held by the committee:

This legislation requires all testimony and other evidence taken during the hearings to be under oath and subject to the penalty of perjury.

This legislation specifies that the committee can, upon a majority vote of the committee, subpoena witnesses and require the attendance of witnesses, the giving of testimony, and the production of records.

This legislation prohibits all ex parte communications between members of the committee and any interested party or witness regarding the subject matter of the hearing at any time prior to, during, or after the hearing.

This legislation requires any party opposing the issuance of a certificate of need to show by clear and convincing evidence that the need does not exist or that the new facility will cause a substantial and continuing loss of medical services within the affected region or community.

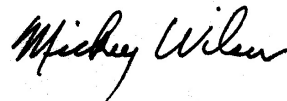
This legislation specifies that all committee hearings will be governed by rules adopted by the committee but not be bound by the technical rules of evidence.

This legislation authorizes the committee, upon a majority vote, to assess the costs of court reporting transcription or the issuance of subpoenas to one or both of the involved parties.

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 Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Health Facilities Review Committee

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 31, 2008