

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5929-02
Bill No.: HB 1898
Subject: Health Department; Hospitals; Children and Minors
Type: Original
Date: March 3, 2014

Bill Summary: This proposal requires the Department of Health and Senior Services to develop standards for all levels of hospital perinatal care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown, greater than \$289,631)	(Unknown, greater than \$320,886)	(Unknown, greater than \$324,820)
Total Estimated Net Effect on General Revenue Fund	(Unknown, greater than \$289,631)	(Unknown, greater than \$320,886)	(Unknown, greater than \$324,820)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Unknown income and expenses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Could exceed 4	Could exceed 4	Could exceed 4
Total Estimated Net Effect on FTE	Could exceed 4	Could exceed 4	Could exceed 4

☐ 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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** state section 192.380 provides:

- 1. By January 1, 2015, the department shall develop standards for all levels of hospital perinatal care including regional perinatal centers.*
- and
- 3. The standards under this section shall be established by rules and regulations of the department. Such standards shall be deemed sufficient for the purposes of this section if they require the perinatal care facilities to submit plans or enter into agreements with the department that adequately address the requirements of subsection 1 of this section.*

Since nearly all hospitals will have a maternity unit on site, the Division of Regulation and Licensure (DRL) estimates that approximately 130 hospitals would require oversight with each entity requiring one visit on a three year staggered basis (43 hospitals per year). Each of the visits would require 3.5 days by a team of three (3) Health Facilities Nursing Consultants (HFNC) (\$50,557 annually, each) to conduct on-site inspections, write-up, and travel. Any complaints received regarding perinatal care would be investigated by these same HFNCs who would also be involved in the development of standards and regulations, responding to inquiries, as well as the review of perinatal plans/agreements/applications.

In addition, one (1) Administrative Office Support Assistant (\$26,960 annually) will be needed to provide clerical support to the program, respond to routine inquiries and requests for information, receive complaints, track the impacted entities and results of visits, etc.

It is assumed that there would be an unknown cost to the Bureau of Special Health Care Needs as the proposed legislation would require hospitals to "identify and report to the department all births of children with handicapping conditions or developmental disabilities that threaten life or development" which could result in an increase in referrals for the Children and Youth with Special Health Care Needs (CYSHCN) and Healthy Children and Youth (HCY) programs.

Section 192.380.1 RSMo, paragraph (4) requires that high-risk pregnancies and childbirths are reviewed at each hospital and maternity center to determine if such children are born with a handicapping condition or developmental disability that threatens life or development. Such review may require data or screening reports from DHSS that are not currently in place. Definitions of "high-risk pregnancy", "handicapping condition", or "developmental disability" are not provided in the proposal, making it difficult to estimate the impact of providing such reports.

HWC:LR:OD

ASSUMPTION (continued)

Section 192.380.1 RSMo, paragraph (5) requires surveillance for handicapping conditions and developmental disabilities. Several bureaus in the Division of Community and Public Health (DCPH) are currently conducting surveillance activities for various birth defects and handicapping conditions. DHSS does not anticipate additional costs related to surveillance activities in implementing this proposal.

Section 192.380.1 RSMo, paragraph (6) requires that a child identified as having a handicapping condition or developmental disability that threatens life or development be promptly evaluated and referred, if appropriate, to DHSS-approved medical specialty services. Prompt evaluation and referral may require screening and data reports from DHSS that are not currently in place. Without definitions of "prompt", "handicapping condition", and "developmental disability" it is difficult to estimate the impact of producing such reports.

Section 192.380.1 RSMo, paragraph (7) requires hospitals or maternity centers to conduct postnatal reviews of all perinatal deaths, as well as reviews of the births of children born with handicapping conditions or developmental disabilities that threaten life or development. Hospitals and maternity centers may require screening and data reports that are not currently in place. Without definitions of "perinatal deaths", "handicapping condition", and "developmental disability" it is difficult to estimate the impact of producing such reports.

Section 192.380.1 RSMo, paragraph (9) requires DHSS to provide parents and families information, referral and counseling services to assist in obtaining habilitation, rehabilitation, and special education services for children born with handicapping conditions or developmental disabilities. It is unclear what type of counseling services are to be provided for families and parents of individuals born with handicapping conditions or developmental disabilities. It is unclear as to who is to provide these services, but if it is intended to be DHSS' responsibility, costs associated with this requirement are unknown but anticipated to be significant.

The DHSS estimates FY 15 costs to the General Revenue Fund of "Unknown, greater than \$289,631"; FY 16 costs of "Unknown, greater than \$320,886"; and FY 17 costs of "Unknown, greater than 324,820". In addition, there is an unknown impact on the Children and Youth with Special Health Care Needs (CYSHCN) and Healthy Children and Youth (HCY) programs.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Assuming the standards would be required to be implemented by the hospitals by January 1, 2015, the additional cost would begin to be reflected in 2015 cost reports. MO HealthNet would use 2015 cost reports to establish reimbursement for state FY (SFY) 19. Therefore, there would not be a fiscal impact to the MHD for FY 15, FY 16, and FY 17, but starting FY 19 there could be an additional cost, but the amount is unknown.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost 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 Mental Health (DMH)** state there appears to be nothing in this proposal that creates an obligation or requirement for the DMH that would result in a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - DHHS (\$192.380)</u>			
Personal service	(Could exceed \$148,859)	(Could exceed \$180,417)	(Could exceed \$182,221)
Fringe benefits	(Could exceed \$75,926)	(Could exceed \$92,022)	(Could exceed \$92,942)
Equipment and expense	(Could exceed \$64,846)	(Could exceed \$48,447)	(Could exceed \$49,657)
Program costs (CYSHCN & HCY)	(Unknown) (Unknown, greater than \$289,631)	(Unknown) (Unknown, greater than \$320,886)	(Unknown) (Unknown, greater than \$324,820)
Total <u>Costs</u> - DHSS	Could exceed 4 FTE	Could exceed 4 FTE	Could exceed 4 FTE
FTE Change - DHSS			
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown, greater than \$289,631)</u>	<u>(Unknown, greater than \$320,886)</u>	<u>(Unknown, greater than \$324,820)</u>
Estimated FTE Change on the General Revenue Fund	Could exceed 4 FTE	Could exceed 4 FTE	Could exceed 4 FTE
FEDERAL FUNDS			
<u>Income - DHSS (\$192.380)</u>			
CYSHCN & HCY program reimbursements	Unknown	Unknown	Unknown
<u>Costs - DHSS (\$192.380)</u>			
CYSHCN & HCY program expenditures	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may negatively impact small business hospitals if they provide perinatal care.

FISCAL DESCRIPTION

This proposal requires the Department of Health and Senior Services to develop standards for all levels of hospital perinatal care including regional perinatal centers by January 1, 2015. The standards must assure that: (1) Facilities are equipped and prepared to stabilize infants prior to transport; (2) Coordination exists between general maternity care and perinatal centers; (3) Unexpected complications during delivery can be properly managed; (4) All high-risk pregnancies and childbirths are reviewed at each hospital or maternity center to determine if children are born with a handicapping condition or developmental disability that threatens life or development; (5) Procedures are implemented to identify and report to the department all births of children with handicapping conditions or developmental disabilities that threaten life or development; (6) Children identified as having a handicapping condition or developmental disability that threatens life or development are promptly evaluated in consultation with designated regional perinatal centers and referred, if appropriate, to the centers or to other medical specialty services as approved by the department and in accordance with the level of perinatal care authorized for each hospital or maternity care center for the proper management and treatment of the condition or disability; (7) Hospital or maternity centers conduct postnatal reviews of all perinatal deaths as well as reviews of the births of children born with handicapping conditions or developmental disabilities that threaten life or development utilizing criteria of case selection developed by the hospitals or maternity centers or the appropriate medical staff committees in order to determine the appropriateness of diagnosis and treatment and the adequacy of procedures to prevent the disabilities or the loss of life; (8) High-risk mothers are provided information, referral, and counseling services to ensure informed consent to the treatment of children born with handicapping conditions or developmental disabilities; (9) Parents and families are provided information, referral, and counseling services to assist in obtaining habilitation, rehabilitation, and special education services for children born with handicapping conditions or developmental disabilities so that the children have an opportunity to realize their full potential. These standards must include, the establishment of procedures for notification of the appropriate state and local educational service agencies regarding children who may require evaluation and assessment under the agencies; and (10) Consultation when indicated is provided for and available.

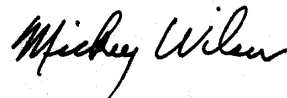
FISCAL DESCRIPTION (continued)

Perinatal centers must provide care for the high-risk expectant mother who may deliver a distressed or disabled infant. The centers must also provide intensive care to the high-risk newborn whose life or physical well-being is in jeopardy. These standards must include the availability of trained personnel, trained neonatal nursing staff, x-ray and laboratory equipment available on a 24-hour basis, infant monitoring equipment, transportation of mothers and infants, genetic services, surgical and cardiology consultation, and other support services as may be required. The standards under this section must be based upon best practices as outlined by the most current version of the "Guidelines for Perinatal Care" prepared by the American Academy of Pediatrics and must be established by rules and regulations of the department.

This legislation is not federally mandated, would not duplicate any other program but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services -
 MO HealthNet Division
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 3, 2014

Ross Strobe
Assistant Director
March 3, 2014