

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2492H.02C
Bill No.: HCS for HB Nos.1222 & 1342
Subject: Health Care
Type: Original
Date: April 5, 2021

Bill Summary: Repeals provisions relating to certificates of need.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$127,319)	(\$155,833)	(\$158,929)
Total Estimated Net Effect on General Revenue	(\$127,319)	(\$155,833)	(\$158,929)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	- 2 FTE	- 2 FTE	- 2 FTE
Total Estimated Net Effect on FTE	- 2 FTE	- 2 FTE	- 2 FTE

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Repeals §§197.300 - 197.367 and implements §§197.705, 198.530, 208.169, and 208.225 –
Certificates of Need

Officials from the **Department of Health and Senior Services (DHSS)** state HB 1222 would eliminate Certificate of Need (CON) laws in the state; therefore, a CON would not be required for the implementation of institutional health service projects.

§§197.300 through 197.367

The DHSS, Division of Regulation and Licensure (DRL) generates an average of \$306,730 of General Revenue a year from CON application fees and project cost overrun fees (based on fees received FY 2018 through FY 2020 of \$920,189). Using a 1.5 percent annual growth rate, the total fiscal impact projected to General Revenue will be a reduction in fees of:

\$263,334 for FY 2022 ($\$306,730 \times 1.015 \times 1.015 = \$316,001 \times 10/12$);
\$320,741 for FY 2023 ($\$306,730 \times 1.015 \times 1.015 \times 1.015$); and
\$325,552 for FY 2024 ($\$306,730 \times 1.015 \times 1.015 \times 1.015 \times 1.015$).

The elimination of CON will require changes to state rules and regulations, policies and procedures, manuals, and forms.

The DRL assumes it will take approximately 12 additional hours to make the necessary changes to the rules and regulations, policies and procedures, manuals, and forms. The DHSS anticipates being able to absorb these costs; however, until the FY22 budget is final the department cannot identify specific funding sources.

The elimination of CON would result in the loss of the following positions from DRL:

- One Principal Assistant Board/Commission (\$52,530); and
- One Program Assistant (\$36,856).

Officials from the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Social Services** and the **Hermann Area Hospital District** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Savings – DHSS</u> (§§197.300 through 197.367)			
Personal service costs	\$74,488	\$90,280	\$91,183
Fringe benefits	\$45,040	\$54,349	\$54,654
Equipment and expense	\$16,487	\$20,279	\$20,786
<u>Total Savings – DHSS</u>	<u>\$136,015</u>	<u>\$164,908</u>	<u>\$166,623</u>
FTE Change – DHSS	- 2 FTE	- 2 FTE	- 2 FTE
<u>Loss – DHSS</u> (§§197.300 through 197.367)			
Reduction in CON fees	(\$263,334)	(\$320,741)	(\$325,552)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$127,319)</u>	<u>(\$155,833)</u>	<u>(\$158,929)</u>
Estimated Net FTE Change on the General Revenue Fund	- 2 FTE	- 2 FTE	- 2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

HB 1222 could cause a fiscal impact for the small facilities who consult with the Missouri Certificate of Need (CON) Program regarding issues related to the need for institutional health services. These businesses would instead have to hire a consultant to work through the issues. (§§197.300 through 197.367)

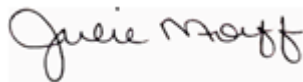
FISCAL DESCRIPTION

This bill repeals the Missouri Certificate of Need Law (Sections 197.300 to 197.366, RSMo).

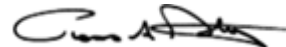
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Mental Health
Department of Social Services
Hermann Area Hospital District



Julie Morff
Director
April 5, 2021



Ross Strobe
Assistant Director
April 5, 2021