

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2377-03  
Bill No.: HCS for HB 1170  
Subject: Health, Public  
Type: Original  
Date: April 3, 2019

---

Bill Summary: This proposal modifies provisions relating to the occupancy rate of health care facilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$1,458)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$1,458)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §197.318 - Occupancy rate of health care facilities

Officials from the **Department of Health and Senior Services (DHSS)** state §197.318 affects the Division of Regulation and Licensure (DRL). DRL currently processes Certificate of Need applications. The proposed legislation changes the format in which information is received; however, this would not change the normal ebb and flow of work scope for DRL. The DHSS, DRL anticipates being able to absorb these costs. However, until the FY20 budget is final, the department cannot identify specific funding sources.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the DHSS, DRL has sufficient staff and resources to conduct the additional duties required by this proposal and will have no fiscal impact on the DHSS, DRL.

Officials from the **Office of Administration, Information Technology Services Division (OA, ITSD/DHSS)** state modification of the existing Certificate of Need application (to report the actual number of available beds versus the existing reporting of current percentage of occupancy) would cost of \$1,458 in FY 2020. No additional maintenance cost will be incurred as it is an existing application.

OA, ITSD/DHSS assumes system modifications will be bid out to contract consultants at \$75/hour for 19.4 hours. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this proposal, ITSD assumes system updates will take 19.4 hours and the work will be performed by IT contract consultants at \$75/hour for a total cost of \$1,458 to the General Revenue Fund in FY 2020. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming all ITSD resources are at full capacity, Oversight has assumed ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required by this proposal. However, due to the relatively small cost to contract out the work (\$1,458 in FY 2020), Oversight will show that cost in FY 2020 and no other ITSD costs.

**Oversight** notes that the **Department of Social Services** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

ASSUMPTION (continued)

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, hospitals and nursing homes were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to [www.legislativeoversight.mo.gov](http://www.legislativeoversight.mo.gov).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>Costs - OA, ITSD (\$197.318)</u>			
System update contract cost	<u>(\$1,458)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$1,458)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill removes a reference to nonapplicability review in the definition of new institutional health service.

A facility licensed pursuant to chapter 198 may increase its licensed bed capacity if it has maintained an eighty-five percent average occupancy rate for the previous six quarters, among other requirements.

FISCAL DESCRIPTION (continued)

Currently, a nursing home may transfer or sell individual long-term care licensed beds. This bill requires these beds to be licensed and available and requires that the facility does not increase its licensed and available bed count after the sale of the beds until the average occupancy within a 15 mile radius is 85%. Additionally, any facility which transfers or sells licensed and available beds must have an average occupancy rate of less than 70% in the last six quarters.

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 Health and Senior Services  
Department of Social Services



Kyle Rieman  
Director  
April 3, 2019

Ross Strope  
Assistant Director  
April 3, 2019