

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2221H.01I  
Bill No.: HB 1342  
Subject: Health Care  
Type: Original  
Date: March 22, 2021

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Bill Summary: This proposal repeals provisions relating to certificates of need.

**FISCAL SUMMARY**

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

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

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue	- 2 FTE	- 2 FTE	- 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>- 2 FTE</b>	<b>- 2 FTE</b>	<b>- 2 FTE</b>

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.

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

## 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 1342 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).

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact provided by DHSS for fiscal note purposes.

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
<b>GENERAL REVENUE FUND</b>			
<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	<u>\$16,487</u>	<u>\$20,279</u>	<u>\$20,786</u>
<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)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$127,319)</u></b>	<b><u>(\$155,833)</u></b>	<b><u>(\$158,929)</u></b>
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 1342 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)

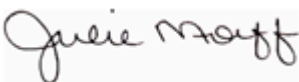
FISCAL DESCRIPTION

This bill repeals the Missouri Certificate of Need Law (Sections 197.300 to 197.367, 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  
 March 22, 2021



Ross Strobe  
 Assistant Director  
 March 22, 2021