



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

| | | | |
|---------------|--------|---------------|---|
| Bill # | HB0576 | Title: | Generally revise licensing of state operated health care facilities |
|---------------|--------|---------------|---|

| | | | |
|-------------------------|--------------|----------------|------------|
| Primary Sponsor: | Wittich, Art | Status: | As Amended |
|-------------------------|--------------|----------------|------------|

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2016 Difference</u> | <u>FY 2017 Difference</u> | <u>FY 2018 Difference</u> | <u>FY 2019 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$27,371 | \$46,146 | \$46,977 | \$47,681 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Net Impact-General Fund Balance: | <u><u>(\$27,371)</u></u> | <u><u>(\$46,146)</u></u> | <u><u>(\$46,977)</u></u> | <u><u>(\$47,681)</u></u> |

Description of fiscal impact: HB 576 transfers the licensing activity related to state-owned health care facilities from the Department of Public Health and Human Services (DPHHS) to the Department of Justice (DOJ).

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. HB 576, as amended, transfers the licensing activity for state-owned health care facilities from the Department of Public Health and Human Services (DPHHS) to the Department of Justice (DOJ).
2. There are four different facility types that require the licensure inspector to be proficient in: hospital, nursing home, chemical dependency, and Intermediate Care Facility for Individuals with an Intellectual Disability (ICF-IID). These license inspections are provided by a Health Care Facility Surveyor and a Residential Care Facility Surveyor.
3. It is estimated that the licensing activity of the five state-owned health care facilities takes approximately 592 hours per year (0.28 FTE) of a Health Care Facility Surveyor and 240 (0.11 FTE) hours per year of a Residential Care Facility Surveyor for an annual cost of \$25,465, including benefits. Travel to these facilities is estimated to be \$893 per year.

4. The effective date of HB 576 is July 1, 2016. Reductions in these costs for DPHHS are recognized beginning in FY 2017.
5. Expenditures related to state licensure activity are funded entirely with general fund. All costs are inflated at 1.5% per year in FY 2018 and FY 2019
6. The DPHHS has several areas of administrative rules where certain services have multi-division applications that are affected by the requirements of HB 576. It is assumed that the DOJ would submit administrative rule changes to adopt the requirements of this bill and make the necessary amendments to those portions where multi-division applications are included.

Department of Justice

7. In order to accomplish this new specialized function, the DOJ will require 1.0 additional FTE. For purposes of this fiscal note, a position serving in a Health Program Representative capacity has been assumed. It is assumed this FTE will begin on 3/1/2016. Personal services costs are estimated to be \$22,803 in FY 2016 and \$69,101 in FY 2017.
8. One time operating expenses will be \$3,400 in FY 2016 only. Ongoing operating expenses will total \$1,168 in FY 2016 and \$3,539 in FY 2017.
9. Expenditures related to state licensure activity will continue to be funded entirely with general fund.
10. All costs are inflated at 1.5% per year in FY 2018 and FY 2019.
11. HB 576 contains an appropriation of \$75,000 general fund for 2.0 one-time only FTE for transitional support. The DOJ assumes that most transitional costs can be absorbed within existing budgets. The appropriation could be used to defray the costs of the additional FTE in FY 2016 and FY 2017.

| DPHHS | <u>FY 2016 Difference</u> | <u>FY 2017 Difference</u> | <u>FY 2018 Difference</u> | <u>FY 2019 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 0.00 | (0.39) | (0.39) | (0.39) |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$0 | (\$25,465) | (\$25,847) | (\$26,235) |
| Operating Expenses | \$0 | (\$893) | (\$906) | (\$920) |
| TOTAL Expenditures | <u>\$0</u> | <u>(\$26,358)</u> | <u>(\$26,753)</u> | <u>(\$27,155)</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$0 | (\$26,358) | (\$26,753) | (\$27,155) |
| TOTAL Funding of Exp. | <u>\$0</u> | <u>(\$26,358)</u> | <u>(\$26,753)</u> | <u>(\$27,155)</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$0 | \$26,358 | \$26,753 | \$27,155 |

Fiscal Note Request – As Amended

(continued)

| DOJ | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> |
| <u>Fiscal Impact:</u> | | | | |
| FTE | 1.00 | 1.00 | 1.00 | 1.00 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$22,803 | \$69,101 | \$70,138 | \$71,190 |
| Operating Expenses | \$4,568 | \$3,539 | \$3,592 | \$3,646 |
| TOTAL Expenditures | <u>\$27,371</u> | <u>\$72,640</u> | <u>\$73,730</u> | <u>\$74,836</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) (Approp in Bill) | \$27,371 | \$47,629 | \$0 | \$0 |
| General Fund (01) | \$0 | \$25,011 | \$73,730 | \$74,836 |
| TOTAL Funding of Exp. | <u>\$27,371</u> | <u>\$72,640</u> | <u>\$73,730</u> | <u>\$74,836</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | (\$27,371) | (\$72,640) | (\$73,730) | (\$74,836) |

Sponsor's Initials

Date

Budget Director's Initials

Date