

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1295-01  
Bill No.: HB 696  
Subject: Health Care; Mental Health; Mental Health Department; Nursing and Boarding Homes  
Type: Original  
Date: March 24, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue*	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Could be greater than \$100,000

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Unknown income and costs that could be greater than \$100,000 would net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** assume this proposal would not impact the DOH. DOH states if a fiscal impact were to result, funds to support the program would be sought through the appropriation process.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state this proposal changes the number of beds an ICF/MR may operate without the approval of the Department of Mental Health. DMS states the proposal also eliminates the specific time frame of intent to open a new ICF/MR of July 1 and October 1 of each year.

DMS states, currently, a new ICF/MR facility of 6 beds or less that is operated by someone other than a current provider can enter the Medicaid program without prior approval of the Department of Mental Health. This proposal changes the limit of 6 beds to any provider including existing with a limit of 24 total beds without the prior approval. DMS states, however, in the past four years only two new facilities have entered into the Medicaid program with or without Department of Mental Health approval. The DMS believes that this trend will not change even if this proposal passes.

ASSUMPTION (continued)

The DMS has not included the cost, if any, associated with changes to the limit of beds. DMS assumes that any cost associated with changes to the limit of beds would be incurred by the Department of Mental Health and would be included in their fiscal note response.

Officials from the **Department of Mental Health (DMH)** state they are unable to determine the number of providers that would want to expand the number of beds to take advantage of this proposal. DMH states, currently, there are measures in place to allow DMH to expand the bed capacity based upon need. DMH states this proposal takes away this control aspect to open up capacity.

DMH states using a scenario of 10 providers wanting to expand to 24 beds, DMH would have a potential ongoing cost of \$14,386,548 (24 x 365 x \$164.23). The \$164.23 is the ICF/MR rate provided by DMS. Of the \$14,386,548 cost, the state's portion is \$5,589,174 (38.85% state match) federal cost \$8,797,374 (61.15% federal match). DMH states the cost to General Revenue and Federal Funds is unknown, but could exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Costs - Department of Mental Health</u> Program costs*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE*</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
*Could be greater than \$100,000			
<b>FEDERAL</b>			
<u>Income - Department of Mental Health</u> Program Reimbursements*	Unknown	Unknown	Unknown
<u>Costs - Department of Mental Health</u> Program costs*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
*Could be greater than \$100,000			

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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.

DESCRIPTION

This proposal allows for-profit and not-for-profit providers to operate multiple living units with 24 beds or less without a certificate issued by the Division of Medical Services within the Department of Social Services. Currently, providers can operate a single home with six beds or less.

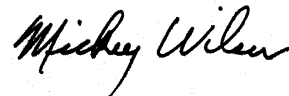
Multiple living units can operate as a part of a licensed, certified, or accredited facility which cares for persons with mental retardation or developmental disabilities.

The notification date requirement is removed which requires providers to notify the Department of Mental Health between July 1 and October 1 of a preceding fiscal year in order to operate a mental health intermediate care facility with a number of beds in excess of the beds in existence on May 29, 1991. Providers are still required to notify the department.

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 Mental Health  
Department of Social Services  
Department of Health and Senior Services



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Director  
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