

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2215-02
Bill No.: HB 925
Subject: Nursing and Boarding Homes; Insurance - Medical; Corporations
Type: Original
Date: April 12, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$41,472)	(\$41,516)	(\$42,574)
Total Estimated Net Effect on General Revenue Fund	(\$41,472)	(\$41,516)	(\$42,574)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** and the **Department of Insurance** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume most nursing facilities carry liability insurance for medical malpractice. For facilities that do not have insurance or enough coverage, the additional insurance costs would not be reflected in the Medicaid rate until a rebasing of the rates is completed. DMS states the rates will not be rebased for the next several years. Therefore, DMS assumes no fiscal impact.

Officials from the **Department of Health and Senior Services (DOH)** assume there are 1,182 facilities in Missouri licensed under Chapter 198. There are 257 facilities operated by not-for-profits. There are 46 facilities operated by nursing home districts. Assuming that the last sentence of section 383.501.2 only modifies the 30 or fewer bed exception, there are approximately 146 facilities that have 30 or fewer beds and the operator has no affiliate or subsidiary with any ownership interest in a facility licensed under chapter 198, RSMo. Therefore, DOH states 733 facilities will have to submit proof annually that they hold a malpractice insurance policy of \$500,000 (Assuming that the last sentence of section 383.501.2 only modifies the 30 or fewer bed exception. If the last sentence of section 383.501.2 modifies

ASSUMPTION (continued)

every exception in section 383.501.2, the number of facilities required to submit proof of malpractice insurance will be less.)

Because the submission of the proof of malpractice insurance is required annually, the Section would receive approximately 61 submissions each month.

DOH assumes it would require one FTE (Senior Office Support Assistant) to meet the requirements of this legislation. The SOSA would do the necessary data entry, tracking, phone contacts and review all of the information provided to ensure it meets the intent of the statute as well as determining facilities falling into the exception clause.

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

Costs - Department of Health and Senior Services

Personal Services (1 FTE)	(\$21,341)	(\$26,249)	(\$26,905)
Fringe Benefits	(\$9,104)	(\$11,198)	(\$11,478)
Expense and Equipment	<u>(\$11,027)</u>	<u>(\$4,069)</u>	<u>(\$4,191)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$41,472)</u>	<u>(\$41,516)</u>	<u>(\$42,574)</u>
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<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

Small businesses that do not currently carry malpractice insurance could incur additional costs for medical malpractice insurance.

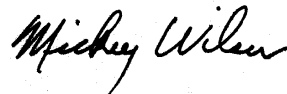
DESCRIPTION

This proposal requires, beginning January 1, 2005, that any long-term care facility licensed under Chapter 198, RSMo, provide at least annually to the Department of Health and Senior Services satisfactory evidence of a medical malpractice insurance policy of at least \$500,000. This provision does not apply to facilities owned by a not-for-profit organization or a public nursing home district or to facilities with 30 or fewer beds.

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



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Director
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