

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4346-01
Bill No.: HB 1620
Subject: Elderly; Health, Public; Health Department; Nursing and Boarding Homes
Type: Original
Date: February 14, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)	(Unknown, greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state this proposal relates to sections of the statute relating to the Department of Health's licensure of RCF's. DMH states that there are some residential facilities/programs solely licensed or certified by DMH and the references in this proposal do not change language in DMH licensing or certification standards. Therefore, the DMH assumes this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** state there would be no fiscal impact. DMS states the changes in this proposal are to the definitions of residential care facilities for license purposes. DMS states these types of facilities are not eligible to receive Medicaid reimbursement.

Officials from the **Department of Health and Senior Services (DOH)** state this proposal changes residential care facility I to residential care facility and residential care facility II to assisted living facility.

This legislation will require DOH to approve the required training for the "appropriately trained individual" and approve a resident assessment tool for community-based services. DOH states this will require additional time and resources to accomplish these requirements.

ASSUMPTION (continued)

In addition, this proposal will require DOH to amend existing regulations based upon the requirements of the proposal. This proposal broadens the types of individuals that can reside in what was an RCF II and what would be an assisted living facility. This would impact DOH by increasing the amount of time needed to inspect these facilities.

The proposal requires after January 1, 2007, that no facility shall hold itself out as an "assisted living facility" or advertise itself as an "assisted living facility" without obtaining a license from the DOH to operate as an assisted living facility. DOH expects some increase in complaints since there are unlicensed entities that have the words "assisted living" in their name. Since these entities are not regulated, DOH cannot determine how many of these entities may want to become licensed as an assisted living facility or how many of these entities will continue to hold themselves out as assisted living facilities requiring DOH inspection and intervention. In either case, DOH expects there will be an increase in the amount of time to license and/or inspect these entities.

At this time, since the number of facilities to be licensed and inspected is unknown, DOH states it cannot accurately determine the impact of this proposal. However, DOH assumes it will be greater than \$100,000.

REVENUE ESTIMATE

DOH assumes a licensing fee would be charged to the facilities. Since the number of facilities that would seek licensure is unknown, DOH cannot provide an accurate estimate of the revenue generated by these fees. However, DOH assumes the fees collected will not generate enough revenue to fully sustain the program and additional general revenue will be required. DOH estimates these revenues to be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE

Cost - Department of Health and Senior Services

Program services	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
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ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal could have an impact on small businesses operating a residential care facilities due to additional requirements that must be met.

DESCRIPTION

This proposal changes the laws regarding assisted living residences. The term "residential care facility I" as it applies to long-term care provided to the elderly and disabled is changed to "residential care facility" and the term "residential care facility II" is changed to "assisted living facility." The proposal also:

- (1) Defines "assisted living facility" as any premises other than a residential care facility, intermediate care facility, or skilled nursing facility that provides or coordinates 24-hour care and protective oversight to three or more residents. Care may include the provision of shelter, board, and assistance with any activities of daily living or supervision of health care under the direction of a licensed physician;

DESCRIPTION (continued)

(2) Defines the terms "community based assessment," "dementia," "activities of daily living," "instrumental activities of daily living," "shared responsibility agreement," and "social model of care";

(3) Requires an assisted living facility to provide for or coordinate oversight and services to meet the needs of a resident as provided for in a written contract signed by the resident or other responsible party;

(4) Prohibits an assisted living facility from accepting an individual who is a danger to self or others, requires physical or chemical restraint, requires more than one person to simultaneously assist the resident in daily activities, or is bed-bound;

(5) Requires an assisted living facility to provide staff in appropriate numbers and with appropriate skills to provide 24-hour care to residents;

(6) Requires an assisted living facility to keep a written plan for the protection of all residents in the event of a disaster;

(7) Requires an assisted living facility to complete a resident assessment upon admission, at least annually, and whenever a significant change has occurred in the resident's condition;

(8) Requires the use of a personal electronic monitoring device for any resident of an assisted living facility whose physician recommends its use;

(9) Prohibits any facility from naming or advertising itself as an assisted living facility without obtaining a license from the Department of Health and Senior Services; and

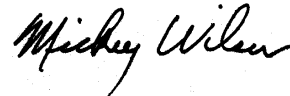
(10) Requires the department to develop rules to ensure compliance with the provisions of the proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial 'M' and 'W'.

Mickey Wilson, CPA
Director
February 14, 2006