

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0931-01  
Bill No.: HB 322  
Subject: Health and Senior Services Department; Nursing Homes and Long-term Care Facilities  
Type: Original  
Date: March 1, 2017

Bill Summary: This proposal establishes a pilot program to transfer the authority to inspect homes from the Department of Health and Senior Services to local health departments.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or (Up to \$196,746)	\$0 or (Up to \$1,575,808)	\$0 or (Up to \$1,489,152)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Up to \$196,746)</b>	<b>\$0 or (Up to \$1,575,808)</b>	<b>\$0 or (Up to \$1,489,152)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	0 or Up to 3	0 or Up to 17	0 or Up to 17
<b>Total Estimated Net Effect on FTE</b>	<b>0 or Up to 3</b>	<b>0 or Up to 17</b>	<b>0 or Up to 17</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0 to (Could exceed \$443,482)</b>	<b>\$0 to (Could exceed \$532,178)</b>	<b>\$0 to (Could exceed \$532,178)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **§198.529 - Pilot project to transfer inspection authority to local health departments**

Officials from the **Department of Health and Senior Services (DHSS)** state the Division of Regulation and Licensure (DRL) would need the following staff, located in Jefferson City, to promulgate rules and coordinate the pilot program beginning in September 2017 (FY18):

One Health and Senior Services Manager (Band 2, \$57,650 annually) to direct the promulgation of rules and coordinate the inspection activities of the local public health departments.

One Health Program Representative II (HPR, \$35,640 annually) to assist the Health and Senior Services Manager in the overall coordination of the program. The HPR would also be responsible for providing records and data necessary for local health departments to carry out inspection duties. The timing of inspections is critical to ensure the department can issue licenses to facilities so they may continue to operate. The department would be required to work continuously with local health department staff to coordinate inspections.

One Senior Office Support Assistant (SOSA, \$26,340 annually) to provide general clerical support for the program.

The DHSS would still maintain licensure and enforcement oversight for facilities. The department would be required to work closely with local health department staff, especially for those facilities struggling to maintain compliance. This may require several extra visits either by department staff or by local health department staff to ensure the facility is progressing toward compliance. In addition, department staff will maintain authority for conducting complaint investigations in facilities. Considerable coordination will need to occur to ensure facilities are not subject to duplicative visits by department staff and by local health department staff.

Extensive initial and ongoing training would need to be provided to local health department staff. The department assumes 14 staff – one Facility Advisory Nurse II (\$47,892 annually) and one Facility Surveyor II (\$42,780 annually) for each of the seven regional offices – would be needed to provide the training and to serve as a resource for local health department staff. The 14 staff will be hired in July 2018 (FY19).

Existing rules for facilities require inspections to focus on several areas including construction, physical plant, fire safety, administration, resident care, dietary, general sanitation, food service sanitation, resident rights, and resident funds and property. Significant training will be required

ASSUMPTION (continued)

to ensure local health department staff understand the requirements and have the necessary skills to conduct thorough inspections. These positions are expected to travel extensively; it is assumed that the travel cost will be \$10,000 annually for each inspection staff. Due to the need for staff to be available in local health departments, the 14 staff would be located throughout the seven regional offices. DHSS estimates \$82,110 in rental space costs for this proposal (17 FTE X 230 sq. ft. X \$21.00/sq.ft.)

For the 500 or more certified facilities, DHSS workload will not decrease. Currently, the state licensure inspection is conducted at the same time as the federal certification survey. Since DHSS will still have to conduct the federal recertification survey, there will be no reduction in workload. In fact, there will be an increase because of the training necessary to enable the local health department staff to conduct the state licensure inspections.

For the 600 or more state licensed-only facilities, DHSS will still be responsible for conducting complaint investigations and for training local health department staff. DHSS will have to maintain current FTEs to accomplish the complaint workload and to train local health department staff.

The DHSS estimates FY18 costs to the General Revenue Fund of \$200,771; FY19 costs of \$1,592,310; and FY20 costs of \$1,506,069.

**Oversight** is unable to determine the number of local health departments that would choose to participate in this pilot program. Oversight assumes the fiscal note estimate provided by DHSS is the maximum amount the proposal could cost the department if the pilot program is implemented statewide. Since it is possible that no local health departments would choose to participate, Oversight is ranging the costs as "\$0 or Up to" the amounts presented.

In response to legislation from the current session where additional rental space is needed, officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** have stated additional space in leased facilities for new staff for agencies in the Cole County area is estimated at 230 sq. ft. per FTE times \$17.50 per sq. ft., or \$4,025 annually per FTE. This cost includes building lease costs, fuel and utilities, and janitorial services. If a larger space were needed, the space was needed in other regions of the state, or newly constructed space if required, the estimated costs would be higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

**Oversight** notes, in particular, that the cost per sq.ft. provided by OA, FMDC includes utilities and janitorial services. Therefore, Oversight will reduce DHSS' estimated rental costs to exclude utilities and janitorial services that have been added in addition to reducing rental costs to \$17.50 per sq.ft. for employees located in Jefferson City.

ASSUMPTION (continued)

Officials from the **Clay County Public Health Center (CCPHC)** provide the following information:

CCPHC estimates total costs at \$532,178 for FY18. Allowing a 3% cost of inflation each year, FY19 costs are estimated at \$548,143, and FY20 costs at \$564,588. These are minimum costs. Actual costs will likely be more because with Clay County's projected population growth rate from 230,000 to 400,000 residents by the year 2030, more facilities are expected to be built in the near future.

There are 15 licensed facilities in Clay County. Each facility needs to be inspected twice per year, so there would be 30 required inspections. CCPHC estimates one-third of the facilities would require a follow-up inspection and approximately 35 complaint-driven inspections annually (based on 2016 data), which would add another 40 inspections, for a total of 70 inspections annually. It estimates each inspection would take an average of three days to complete plus an additional seven days to review files and floor plans prior to the inspection and to complete inspection reports after the inspection, for a total of 10 days per inspection. Therefore, total hours per inspection would be 80 (8 hours/day x 10 days). The total time spent on all inspections would be 5,600 hours (routine + follow-up + complaint). This would require roughly 2.7 FTE's to complete these inspections (5,600 hours/ 2,080 hours per FTE). CCPHC estimates two new Environmental Public Health Specialists would be needed plus an Environmental Health Supervisor (would spend 30% of time administratively overseeing the inspection program and 70% of their time on field inspections).

Environmental Public Health Specialist cost: average salary + fringe benefits = \$32.16 per hour; annual cost is \$66,893 (\$32.16 x 2080 hours/year). Additional costs include a cellular phone to ensure field-based inspectors are available to respond to complaints in a timely manner (\$650 per year). Total Environmental Public Health Specialist cost would be \$135,806 [(\$66,893 salary and fringes + \$650 equipment) x 2 FTE].

Environmental Public Health Supervisor cost: average salary + fringe benefits = \$39.00 per hour; annual cost is \$81,120 (\$39.00 x 2080 hours/year). Additional costs include a cellular phone to ensure timely communication with field-based staff and complaint response (\$650 per year). Total Environmental Public Health Supervisor cost would be \$81,770 [(\$81,120 salary and fringes + \$650 equipment) x 1 FTE].

Mileage: \$630 (estimated to average 20 miles roundtrip per facility x 45 cents per mile x 70 inspections = \$630).

ASSUMPTION (continued)

In addition to the Environmental Health staffing needs, the Centers for Medicare and Medicaid Services requires a Registered Nurse to be present at all inspections. Therefore, two new Public Health Nurses would be needed, as well as a new Nursing Supervisor (30% administrative duties overseeing the activities of the two Public Health Nurses; 70% field inspections).

Public Health Nurse cost: average salary is \$24.73 per hour; average annual salary is \$51,438 rounded ( $\$24.73 \times 2,080$  hours/year). Fringe benefits are estimated at 40% of salary, so cost would be \$20,575 ( $\$51,438 \times 0.4$ ). Additional costs include a cellular phone to assure the nurses are constantly available to respond to complaints (\$650 per year). Total Public Health Nurse cost would be \$145,326 [ $(\$51,438$  salary +  $\$20,575$  fringes +  $\$650$  equipment)  $\times 2$  FTE].

Nursing Supervisor cost: average salary is \$30.15 per hour; average annual salary is \$62,712 ( $\$30.15 \times 2,080$  hours/year). Fringe benefits are estimated at 40% of salary, so cost would be \$25,084 ( $\$62,712 \times 0.4$ ). Additional costs include a cellular phone to assure inspectors are constantly available to respond to complaints (\$650 per year). Total Nursing Public Health Supervisor cost would be \$88,446 [ $(\$62,712$  salary +  $\$25,084$  fringes +  $\$650$  equipment)  $\times 1$  FTE].

An Administrative Support Assistant would be needed to provide administrative support to the inspectors, nurses and supervisors, including answering public inquiries on the phone or via email, filing, mail, making travel arrangements, entering time sheets, etc. Average salary + fringe benefits = \$27.87 per hour; for a total Administrative Support Assistant annual cost of \$57,970 ( $\$27.87 \times 2,080$  hours/year).

In order for facilities to be reimbursed through either Medicare or Medicaid, the inspectors and nurses must be federally trained and certified. All program staff would need to receive the training and be certified. Historically, this week-long federal training takes place in Maryland and would be estimated to cost \$2,500 per attendee, for a total of \$15,000 ( $\$2,500 \times 6$  attendees).

Total Costs:

Environmental Public Health Specialists:	\$133,786
Environmental Public Health Supervisor:	\$ 81,120
Public Health Nurses:	\$144,026
Nursing Supervisor:	\$ 87,796
Administrative Support Assistant:	\$ 57,970
Training and Travel:	\$ 15,000
Mileage:	\$ 630
Phone charges:	\$ 5,850
Computer costs:	<u>\$ 6,000</u>
Total:	<u><b>\$532,178</b></u>

**Oversight** notes that although CCPHC provided a statement of what this proposal would cost their local health agency, this is not a guarantee that they would choose to participate in the pilot program. Therefore, Oversight will range costs from \$0 to Could exceed \$532,178 annually.

ASSUMPTION (continued)

Officials from the **Columbia/Boone County Department of Public Health and Human Services** state they will not participate in the pilot program so there will be no fiscal impact to their health department/county.

Officials from the **Marion County Health Department** provided a response for this proposal but did not indicate potential costs or provide a statement regarding possible participation in the pilot program.

**Oversight** assumes if one additional public health department in a metropolitan area participates in the pilot program, it is possible for costs to local governments to exceed \$1,000,000 annually. However, for fiscal note purposes, Oversight will present annual costs as “expected to exceed” the amount provided by the Clay County Public Health Center.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Public Safety, Division of Fire Safety** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**GENERAL REVENUE FUND**

<u>Costs - DHSS (\$198,529)</u>	\$0 or Up to...	\$0 or Up to ...	\$0 or Up to ...
Personal service	(\$99,692)	(\$761,877)	(\$769,496)
Fringe benefits	(\$51,163)	(\$402,123)	(\$404,392)
Equipment and expense	<u>(\$45,891)</u>	<u>(\$411,808)</u>	<u>(\$315,264)</u>
Total <u>Costs - DHSS</u>	<u>\$0 or (Up to</u> <u>\$196,746)</u>	<u>\$0 or (Up to</u> <u>\$1,575,808)</u>	<u>\$0 or (Up to</u> <u>\$1,489,152)</u>
FTE Change - DHSS	0 or Up to 3 FTE	0 or Up to 17 FTE	0 or Up to 17 FTE

**ESTIMATED NET EFFECT ON THE  
 GENERAL REVENUE FUND**

<u>\$0 or (Up to</u> <u>\$196,746)</u>	<u>\$0 or (Up to</u> <u>\$1,575,808)</u>	<u>\$0 or (Up to</u> <u>\$1,489,152)</u>
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Estimated Net FTE Change on the General Revenue Fund	0 or Up to 3 FTE	0 or Up to 17 FTE	0 or Up to 17 FTE
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<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**LOCAL GOVERNMENTS - LOCAL  
 PUBLIC HEALTH AGENCIES**

<u>Costs - LPHAs</u>			
Personal service, fringe benefits and equipment and expense	<u>\$0 to (Could</u> <u>exceed</u> <u>\$443,482)</u>	<u>\$0 to (Could</u> <u>exceed</u> <u>\$532,178)</u>	<u>\$0 to (Could</u> <u>exceed</u> <u>\$532,178)</u>

**ESTIMATED NET EFFECT ON  
 LOCAL GOVERNMENTS - LOCAL  
 PUBLIC HEALTH AGENCIES**

<u>\$0 to (Could</u> <u>exceed</u> <u>\$443,482)</u>	<u>\$0 to (Could</u> <u>exceed</u> <u>\$532,178)</u>	<u>\$0 to (Could</u> <u>exceed</u> <u>\$532,178)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.



FISCAL DESCRIPTION

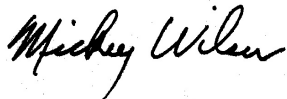
This bill establishes a pilot program transferring the authority to inspect nursing facilities from the Department of Health and Senior Services to local health departments. Local health departments will have the option of participating in the pilot program.

The provisions of this bill will expire six years after the effective date unless they have been reauthorized by the General Assembly.

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

SOURCES OF INFORMATION

Department of Health and Senior Services  
Joint Committee on Administrative Rules  
Office of Secretary of State  
Clay County Public Health Center  
Columbia/Boone County Department of  
Public Health and Human Services  
Marion County Health Department



Mickey Wilson, CPA  
Director  
March 1, 2017

Ross Strobe  
Assistant Director  
March 1, 2017