

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sSB-303

AN ACT CONCERNING OUTPATIENT CLINICS, URGENT CARE CENTERS AND FREESTANDING EMERGENCY DEPARTMENTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
UConn Health Ctr.	Various - Revenue Loss	Less than 4.2 million	Less than 5.6 million
UConn Health Ctr.	Various - Potential Cost	See Below	See Below

Note: Various=Various

Municipal Impact: None

Explanation

The bill results in a revenue loss to UConn Health Center of less than \$4.2 million in FY 19 and less than \$5.6 million in FY 20 due to clarifying when a facility fee is prohibited, and a potential cost to UConn Health in FY 19 and FY 20 associated with signage requirements. The bill is not anticipated to result in a fiscal impact to the state or municipal health plans as it is consistent with current reimbursement practices of the plans.

Section 1 results in a revenue loss to UConn Health because it clarifies that hospital-based off-site urgent care centers and freestanding emergency departments may not collect facility fees associated with evaluation/management services, except for emergency departments meeting specific criteria. Therefore, UConn Health will be prohibited from charging a facility fee for evaluation/management services provided at its off-site urgent care

clinics.

In FY 17, UConn Health collected facility fees from off-site services totaling \$15 million. It is estimated using prior year data that approximately 37.5 percent of this revenue was attributable to non-dermatology off-site facilities, which results in annual revenue of approximately \$5.6 million. As a portion of this annual revenue may be due to facility fees collected in association with non-evaluation/management services, and with non-urgent care facilities, the actual revenue loss will be less than \$5.6 million. The FY 19 estimated revenue loss of less than \$4.2 million reflects approximately three-quarters of annual revenue loss as the bill's effective date is October 1, 2018.

Section 2 results in a potential cost to UConn Health associated with signage requirements for outpatient clinics and urgent care centers. The extent of the cost depends on the signage requirements that will be adopted by the Office of Health Strategy through regulation and to what degree UConn Health's current signage must be adjusted. For example, the regulations may specify large outdoor signs, which may involve a substantial cost, or a paper notice by a patient entrance or check-in window, which would entail little cost.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation in facility fees, as well as UConn Health's patient volume for services for which the facility fee is prohibited under the bill.