

OFFICE OF FISCAL ANALYSIS

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sSB-238

AN ACT INCREASING OVERSIGHT OF MERGERS AND ACQUISITIONS OF GROUP PRACTICES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
State Comptroller - Fringe Benefits ¹	GF - Cost	84,000	86,500
Office of Health Strategy	GF - Cost	203,500	209,605

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill makes various changes concerning physician group practices.

By law, certain health care entity transactions require a certificate of need (CON) approval from the Office of Health Strategy (OHS). The bill lowers the threshold, from eight physicians to two, for the minimum group practice size requiring CON approval for certain ownership transfers. It is estimated that OHS will need to hire two Health Care Analyst positions, at a combined \$135,500 in FY 22, to review CON applications as they are anticipated to increase by 10 per year.

The bill also requires group practices with two or more physicians,

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

rather than just those with 30 or more, to annually report certain information to OHS. OHS will need one Research Analyst position, starting at \$68,000 in FY 22, to handle the increased workload associated with this provision.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.