

OFFICE OF FISCAL ANALYSIS

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

sHB-5449

AN ACT CONCERNING CERTIFICATES OF NEED.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
UConn Health Ctr.	GF - Cost	See Below	See Below
State Comptroller - Fringe Benefits ¹	GF - Cost	30,195	30,195
Office of Health Strategy	GF - Revenue Gain	250,000	250,000
Office of Health Strategy	GF - Cost	574,500	74,500

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill addresses matters concerning the state's certificate of need (CON) program for health care institutions, which is administered by the Office of Health Strategy (OHS).

OHS will need to hire one fiscal analyst position, with a salary of \$74,500, to review the capital budget presented by a health care facility seeking financing from Connecticut Health and Educational Facilities Authority (CHEFA). OHS does not currently have staff with the specialized expertise required to project the impact on the health care market and pricing.

The bill also changes the CON application fee from \$500 to a range of

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 40.53% of payroll in FY 23.

\$1,500 to \$25,000 depending on the proposed project's cost. Based on a four-year average of CON proposals, the bill's fee schedule is anticipated to generate an additional \$250,000 in annual revenue. The current fee of \$500 generates approximately \$12,500 annually.

This increase in the application fee results in a cost to UConn Health Center each time the entity applies for a CON. The health center expects to apply for one CON in either FY 23 or FY 24. The cost will be equal to the difference between the current fee (\$500) and the new fees based on project costs (\$1,000 to \$25,000).

Lastly, the bill requires OHS to study the state's CON program and submit a report to the Insurance and Real Estate Committee by January 15, 2023. OHS will need to hire a one-time consultant as the scope of this study is outside staff's areas of expertise. The cost for a consultant to complete this study in the limited eight-month timeframe is estimated to be \$500,000.

The Out Years

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