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sHB-5510
AN ACT CONCERNING THE DEPARTMENT OF PUBLIC HEALTH'S RECOMMENDATIONS REGARDING UNLICENSED INSTITUTIONS AND PRACTICES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 $	FY 28 $
Public Health, Dept.	GF - Potential Revenue Gain	See Below	See Below
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Correction, Dept.; Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill creates new criminal and civil penalties regarding unlicensed health care institutions and certain practices, resulting in a General Fund potential revenue gain and a minimal potential cost to the Department of Correction and the Judicial Department beginning in FY 27 as described below.

Section 1 makes it a class C misdemeanor to open, manage, or operate a health care facility without the required Department of Public Health (DPH) license or certificate for certain violations, and imposes a maximum $2,000 daily fine. This results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and potential revenue gain to the General Fund beginning in FY 27. The exact cost will depend on the number of violations and

value of fines imposed. On average, the marginal cost to the state for incarcerating an offender for the year is $3,300,[1] while the average marginal cost for supervision in the community is less than $600[2] each year for adults.

Sections 2 and 3 allow DPH (or its licensing boards and commissions) to impose a maximum civil penalty of: (1) $5,000 per day against anyone who opens, manages, or operates a health care facility without a required DPH license (or certificate for nursing facility management services); and (2) $25,000 against an individual who provides professional services without a required DPH license or certificate. This results in a potential revenue gain to the General Fund beginning in FY 27, dependent on the number of violations and DPH's discretion regarding civil penalties.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of violations, fines imposed, and value of fines imposed.

[1] Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these expenses would only be realized if a unit or facility opened.
[2] Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.