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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
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BILL NUMBER: sSB 472
FILE NUMBER:
AMENDMENTS: Senate "A"

TITLE: "AN ACT CONCERNING THE CONSTRUCTION OF NURSING HOMES"

FAVORABLY REPORTED BY Human Services, Appropriations, Public Health

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 472

STATE IMPACT	Potential Future Cost Avoidance, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Income Maintenance, Commission on Hospitals and Health Care

EXPLANATION OF ESTIMATES:

It is estimated that passage of the bill as amended may result in a potential future cost avoidance to the Department of Income Maintenance (DIM). As the bill as amended would extend the moratorium on certificates of need (CON) for new nursing home beds granted by the Commission on Hospitals and Health Care (CHHC), it may result in a reduction in the number of additional nursing home beds available in the future. To the extent those beds would have been filled with patients eligible for State Medical Assistance (Medicaid), a cost avoidance for the DIM would ensue.

A provision of the bill as amended would allow the Commission to accept joint requests from CON owners to merge their CONS into one CON for a single facility. These mergers would have to result in less costly facilities having fewer beds. As this conforms to the current practice of the CHHC, no fiscal impact is anticipated to result.

The bill as amended may result in a temporary reduction in the workload of the CHHC since they would not be allowed to accept applications for CONS for new nursing home beds during the extended moratorium. This would allow the CHHC to devote more time to other mandates. CHHC would still have to accept, and process, the backlog of applications once the moratorium is lifted. It is anticipated that no fiscal impact would result to the CHHC.

The fiscal impact associated with provisions of the bill as amended which define continuing care facility providing life care and clarify when construction shall be deemed to have begun is uncertain.

Senate "A" makes the following changes to the original bill:

It extends the deadline on last year's moratorium (PA 91-08, June Special Session) on certificates of need (CON) for new nursing home beds and modifications to existing ones from June 30, 1993 to June 30, 1994, which would increase the amount of the potential future cost avoidance associated with the original bill. The original bill would have extended the deadline to January 1, 1994.

It states that nursing homes having CONs in effect August 1, 1991 shall begin construction by December 31, 1992 and shall be licensed by October 1, 1994. If these requirements are not met by the specified dates, the home's CON shall expire.

It defines "continuing care facility which guarantees life care for its residents". Under current statute, these facilities are exempt from the moratorium on CONs.

It clarifies an ambiguity in the original bill by defining when construction shall be deemed to have begun.

It changes the effective date of the bill from October 1, 1992 to upon passage.

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