



March 6, 2022

**SUMMARY OF BILL AS AMENDED (014217):** Changes the name of the Health Services and Development Agency (HSDA) to the Health Facilities Commission (Commission). Transfers the functions of the Board for Licensing Healthcare Facilities (Board) and associated programs, along with three reserve funds, from the Department of Health (DOH) to the Commission. Revises various Certificate of Need (CON) requirements. Requires the Commission to implement and make available for use by CON applicants an electronic CON application system by July 1, 2023.

**FISCAL IMPACT OF BILL AS AMENDED:**

**Other Fiscal Impact – 168 full-time positions with the Board for Licensing Healthcare Facilities will transfer from the Department of Health to the Health Facilities Commission. Recurring expenditures associated with such transfer will be \$25,146,500 (\$15,475,600 payroll; \$9,670,900 operational). In addition, reserve balances in the following amounts will transfer from the Department to the Commission: \$5,272,200 (Board); \$28,176,300 (Medicaid Nursing Home Trust Fund); (\$27,300) (Nursing Home Resident Protection Trust Fund).**

**The new software platform will result in one-time expenditures of \$750,000 and recurring expenditures, beginning in FY23-24, of \$200,000. One-time expenditures will be funded by the Commission's reserves. The reserve balance was \$3,563,094 as of June 30, 2021, with approximately \$1,800,000 of such amount unobligated.**

Assumptions for the bill as amended:

- The transfer of functions of the Board from DOH to the Commission will include 168 full-time directly allocated positions. Total recurring expenditures associated with the transfer are \$25,146,500, and are comprised of \$15,475,600 in payroll expenditures and \$9,670,900 in operational expenditures. Funding for such expenditures includes \$6,460,100 in General Fund funds, \$3,180,800 in dedicated funds, \$9,116,700 in federal funds, and \$6,388,900 in other funds.
- The proposed legislation will require DOH to transfer a total of \$33,421,167 one-time funds from the following reserve balances to the Health Facilities Commissions:
  - \$5,272,162 from the Board for Licensing Healthcare Facilities;

- \$28,176,259 from the Medicaid Nursing Home Trust Fund's Civil Monetary Penalties;
- (\$27,254) from the Nursing Home Resident Protection Trust Fund.
- Such funds will remain in existence but will be administered by the Commission, rather than DOH.
- HSDA staff has been in negotiations with potential vendors on a new software platform, which is projected to cost \$750,000. The majority is anticipated to be funded through HSDA reserve funds, but it will create a recurring increase in state expenditures of \$200,000. HSDA reserve balance was \$3,563,094 as of June 30, 2021, with approximately \$1,800,000 of such amount unobligated.
- According to the HSDA, various changes to the CON requirements are not anticipated to result in a significant impact on state revenue or expenditures.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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