

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 798 (Chairman, Environmental Matters Committee)
(Departmental - Health and Mental Hygiene)

Environmental Matters

Referred to Finance

Health Resources Planning Commission - User Fees and Officers

This enrolled departmental bill establishes a continuing, nonlapsing Health Resources Planning Commission Fund. The fund is to be used only to provide funding for the Health Resources Planning Commission (HRPC). The commission must pay into the fund all fee collections from fees assessed on hospitals and nursing homes. Although the bill specifies that user fees assessed may not exceed HRPC's special fund appropriation by more than 20%, the cap on HRPC's appropriation remains at \$3.25 million. The bill authorizes HRPC to determine appropriate job classifications and, subject to the State budget, the compensation for the Executive Director, Associate Director, and each principal section chief of the commission.

The bill takes effect on July 1, 1996 and terminates on July 1, 2003.

Fiscal Summary

State Effect: Special fund revenues and expenditures would increase by \$3.1 million in FY 1997, while general fund revenues and expenditures would decrease by an equal amount. FY 1998 general fund expenditures would decrease by \$630,000 and be offset by an equal amount of special fund expenditures. Special fund revenues and expenditures could increase by \$70,100, of which \$41,100 is anticipated to be provided within existing budgeted resources for salary increases under the bill's salary-setting authority provision. Finally, an additional \$150,000 in special fund revenues could be realized through the bill's 20% provision.

Local Effect: None.

Small Business Effect: The Department of Health and Mental Hygiene has determined that this bill has minimal or no impact on small business (attached). Fiscal Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

Background: Under current law, the HRPC must recover its entire general fund appropriation through fees assessed on hospitals and nursing homes through fiscal 1997. In fiscal 1998 and subsequent years, HRPC fees are required to offset only 80% of the HRPC general fund appropriation.

State Effect: The bill's effect is to extend the sunset date for supporting HRPC expenditures with hospital and nursing home fee assessments to July 1, 2003. State revenues and expenditures will be maintained because the bill proposes to continue fully supporting HRPC expenditures with hospital and nursing home fees. Under this bill, the HRPC appropriation will be reflected as special funds supported by special fund revenues in a Health Resources Planning Commission Fund. The proposed fiscal 1997 budget includes \$3.1 million in general funds, of which the entire amount would be recovered through hospital and nursing home fees. Therefore, the bill's requirements will increase special fund revenues and expenditures in fiscal 1997 by \$3.1 million and decrease general fund expenditures and revenues by an equal amount.

In fiscal 1998 and subsequent years, general fund expenditures could decrease by an estimated \$630,000. This estimate assumes (1) a 2% increase in the fiscal 1998 HRPC appropriation over that of fiscal 1997; and (2) under current law, 80% of the appropriation would be supported with hospital and nursing home fee general fund recoveries and 20% would be straight general funds (\$630,000). Out-year general fund savings are expected to remain relatively constant.

Although the bill specifies that user fees assessed may not exceed HRPC's special fund appropriation by more than 20%, the cap on HRPC's special fund appropriation remains at \$3.25 million. Accordingly, an additional \$150,000 in special fund revenues could be realized.

Special fund expenditures and revenues could increase by an estimated \$70,105 as a result of the bill's salary-setting authority provision. The provision will allow HRPC to increase salary levels for recruitment and retention purposes and provide parity with salary levels of the other two health commissions (Health Care Access and Cost Commission and Health Services Cost Review Commission). It is anticipated that the Executive Director and

Associate Director will be given salary increases within existing budgeted resources. The Executive Director's current salary is \$76,119 and the Associate Director's current salary is \$56,293. Under the bill's salary-setting authority, it is anticipated that those salaries would increase to \$101,737 and \$71,749, respectively, for a total increase of \$41,074. The three section chiefs would receive increases of \$9,677 each, which would raise their current salaries from \$56,523 to \$66,200 for a total increase of \$29,031.

Small Business Effect: DHMH does not take into account the fact that current law requires that in fiscal 1998 and subsequent years, HRPC fees are required to offset only 80% of the HRPC general fund appropriation. Therefore, hospital and nursing home fees will have to support the 20% that would have been supported by the taxpayer, in addition to the annual inflation increases noted in DHMH's small business impact analysis. DHMH advises that for each \$100,000 increase in the HRPC annual budget (which approximates the annual increase for inflation), the 16 small nursing homes would each be assessed an increased fee of \$5 to \$20. Taking into account the \$630,000 increase in user fee assessment, each small nursing home would be assessed an increased fee of \$31 to \$126, in addition to the \$5 to \$20 fee increase for inflation.

Information Source(s): Department of Health and Mental Hygiene (Health Resources Planning Commission), Department of Fiscal Services

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