

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

House Bill 70 (Chairman, Environmental Matters Committee)
 (Departmental - Health and Mental Hvgiene)

Environmental Matters

Hospice Facilities and Hospice Care Programs - Inspections

This departmental bill requires the Department of Health and Mental Hygiene (DHMH) to conduct an annual inspection of each hospice facility and hospice care program in Maryland. It clarifies that DHMH is authorized to perform investigations for any complaints regarding patient care. The bill specifies the conditions under which DHMH may inspect the private home of a hospice patient.

Fiscal Summary

State Effect: General fund expenditures increase by \$116,100 in FY 2000. Future year expenditures increase with annualization and inflation. Revenues would not be affected.

| (in dollars) | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| GF Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditures | 116,100 | 142,000 | 146,800 | 151,800 | 156,900 |
| Net Effect | (\$116,100) | (\$142,000) | (\$146,800) | (\$151,800) | (\$156,900) |

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

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). Legislative Services concurs with this assessment as discussed below. (The attached assessment does not reflect amendments to this bill.)

Fiscal Analysis

Background: DHMH has been finding a growing number of deficiencies in its inspections of hospice care programs in recent years, and asserts that increased frequency of inspection is needed to ensure quality of care.

State Expenditures: Presently, hospice inspections are conducted infrequently; most are inspected only once every 10 years. General fund expenditures could increase by an estimated \$111,642 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of hiring 3 positions (2 survey nurses and 1 administrative specialist) to conduct annual inspections of hospices. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- 38 hospices to be inspected annually;
- 35 of the hospices provide in-home care, which requires inspections of at least 5 homes per hospice; and
- a hospice inspection takes an average of 3 days to complete.

| | |
|---|------------------|
| Salaries and Fringe Benefits | \$93,738 |
| Other Operating Expenses | <u>22,368</u> |
| Total FY 2000 State Expenditures | \$116,106 |

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Comments: The license fee for a hospice is \$300 every 3 years, or \$100 a year. For 38 hospices, this translates into annual license fee revenues of \$3,800. The bill results in annual expenditures of over \$100,000. Therefore, annual expenditures to inspect hospices will far exceed hospice license fee revenues.

Small Business Effect: Increasing the frequency of hospice inspections would increase the administrative burden on hospices. There are approximately 38 hospices in Maryland, of which about one-third are small businesses.

Information Source(s): Department of Health and Mental Hygiene (Licensing and Certification Administration), Department of Legislative Services

Fiscal Note History:

First Reader - January 28, 1999

dmm/jr

Revised - House Third Reader - March 23, 1999

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