

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 361 (Delegates Hammen and Hubbard)

Environmental Matters

**Continuing Care Communities - Certificate of Need Exemption - Comprehensive
Care Nursing Beds**

This bill increases the number of nursing home beds a continuing care community (CCC) is authorized to maintain to qualify for an exemption from a certificate of need (CON). The bill provides for an exemption from CON requirements if the number of nursing home beds in the CCC does not exceed the sum of (1) 24% of the number of independent living units (ILU) in the CCC for the first 300 ILUs; and (2) 20% of the number of ILUs in the CCC for any ILUs over 300. Current law provides for an exemption from CON requirements if the number of nursing home beds in the CCC does not exceed 20% of the number of ILUs at the CCC.

Fiscal Summary

State Effect: Special fund revenues increase by up to \$3,065 annually beginning in FY 2000. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: CCCs can offer a continuum of care within the same campus to a senior citizen who wishes to age in place; these include, from the lightest to the heaviest levels of care: independent living units, assisted living units, and nursing home beds. As the need for additional nursing home beds has declined statewide, the CON exemption process has been the predominant route by which CCCs have added nursing home beds. Eleven of the 29

CCCs in Maryland have CON-exempt nursing home beds. CCCs have expressed concern regarding the emerging scarcity of nursing home beds needed to serve aging residents within some CON-exempt CCCs.

State Revenues: The bill's effect is to increase the number of CON-exempt nursing home beds allowed for the first 300 ILUs in a CCC from 20% to 24%, or from 60 to 72, an increase of 12 nursing home beds per CCC with at least 300 ILUs. The Department of Aging collects an annual CCC renewal fee based on the total number of ILUs, assisted living beds, and nursing home beds. Annual special fund revenues could increase by up to an estimated \$3,065, assuming that all CCCs increase their CON-exempt nursing home beds to the maximum number allowed.

Small Business Effect: The bill could favorably affect CCCs because it allows an additional 12 nursing home beds for a CCC with at least 300 ILUs. Two or 3 of Maryland's 29 CCCs would be considered small businesses. To the extent that an occupant of a new CCC nursing home bed might otherwise have occupied a non-CCC nursing home bed, nursing homes could be adversely affected. About 20 nursing homes are small businesses. This represents fewer than 2% of for-profit nursing homes and 20% of non-profit nursing homes.

Information Source(s): Department of Aging; Department of Health and Mental Hygiene (Health Resources Planning Commission); Department of Legislative Services; Mid-Atlantic Non-Profit Health and Housing Association; *Continuing Care Retirement Communities: An Examination of the Exemption of Nursing Home Beds from Certificate of Need Review*, Health Resources Planning Commission, October 1998.

Fiscal Note History: First Reader - February 18, 1999

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