

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 993 (Delegates Hammen and Taylor)

Environmental Matters

Health Planning - Certificate of Need - Home Health

This bill repeals the requirement that a Certificate of Need (CON) is needed for a home health agency or any health care service that a home health agency provides.

Fiscal Summary

State Effect: Indeterminate effect on expenditures. Potential long-term expenditure and revenue increase if the bill results in substantially more home health agencies.

Local Effect: None.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Background: A CON is the primary method for implementing the State Health Plan and is generally required for capital expenditures, additions, or modifications to existing facilities or services, and for new services. The basis for approval of a CON is need, as determined in the State Health Plan.

State Effect: The Health Resources Planning Commission's (HRPC) workload could decrease by an indeterminate amount due to the bill's repeal of the CON requirement for home health agencies. For illustrative purposes, HRPC's fiscal 1997 annual report indicates that home health agencies represented 45% of the total number of CON applications reviewed and 65% of the total number of CON projects approved. However, HRPC advises that in fiscal 1998 home health CON applications decreased significantly. The number of CON applications from a particular type of health care facility or service varies from year to

year and is driven by the needs of the particular industry. Because of this variation, it is difficult to estimate the extent of any potential savings resulting from the bill. Therefore, expenditures would likely not decrease and any surplus staff resources would be assigned elsewhere within the commission.

In the long term, Department of Health and Mental Hygiene (DHMH) revenues and expenditures could potentially increase to the extent that elimination of CON requirements for home health agencies increases the number of agencies. This could result in an increase in home health agency license fee collections and in the number of DHMH inspections.

Small Business Effect: New home health agencies could be favorably affected by the CON exemption and existing home health agencies could be adversely affected. There are approximately 100 home health agencies in Maryland; it is assumed that most would be considered small businesses.

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

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