

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 203 (Senator Kasemever)

Finance

**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 a CCC does not exceed (1) 24% of the number of independent living units (ILU) in a CCC with fewer than 300 ILUs; or (2) 20% of the number of ILUs in a CCC with 300 or more ILUs. 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. The Department of Health and Mental Hygiene (DHMH) must report to the Governor and General Assembly by January 1, 2001 on the bill's effect on the long-term care industry.

Fiscal Summary

State Effect: Special fund revenues increase by up to \$1,100 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 a CCC with fewer than 300 ILUs from 20% to 24%. The Department of Aging collects an annual CCC renewal fee of \$13.50 for each ILU, assisted living bed, and nursing home bed. Annual special fund revenues could increase by up to an estimated \$1,134, assuming that the number of CON-exempt nursing home beds increases by up to 84.

Small Business Effect: The bill could favorably affect CCCs because it allows additional CON-exempt nursing home beds for a CCC with fewer than 300 ILUs. Two or three 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*, Heath Resources Planning Commission, October 1998.

Fiscal Note History:	First Reader - February 8, 1999
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