

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

Senate Bill 714 (Senator Collins)

Finance

Nursing Home Comparative Evaluation System

This bill requires the Department of Health and Mental Hygiene (DHMH), in consultation with the Health Care Access and Cost Commission (HCACC), to develop and annually publish a report card for nursing home quality of care on an objective basis. The system for comparative evaluation must be developed and implemented by July 1, 2001. DHMH must report to the Governor and General Assembly by January 1, 2001 on the nursing home report card.

Fiscal Summary

State Effect: FY 2000 general fund expenditures increase by \$39,300. Future year expenditures increase with annualization and inflation. Future year expenditures could be higher depending on how the report card is structured and whether data are available from existing sources. Revenues are not affected.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	39,300	45,900	47,600	49,300	51,100
Net Effect	(\$39,300)	(\$45,900)	(\$47,600)	(\$49,300)	(\$51,100)

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

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

Background: There are approximately 265 nursing homes in Maryland.

Chapter 9 of 1993 required the Health Care Access and Cost Commission to develop an HMO report card. The fiscal 2000 allowance for the HMO report card includes \$440,000 in contractor costs for the third annual report card and \$550,000 in contractor costs for the fourth annual report card. These amounts cover auditing of HMO data, design and distribution, and an enrollee and practitioner survey.

State Expenditures: General fund expenditures could increase by an estimated \$39,296 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of hiring one program administrator to develop the nursing home report card. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$33,578
Other Operating Expenses	<u>5,718</u>
Total FY 2000 State Expenditures	\$39,296

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. Further, future year expenditures could be higher (i.e., closer to the HMO report card budgeted amount), depending on how DHMH structures the nursing home report card and whether data are available from existing sources.

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

Fiscal Note History: First Reader - March 17, 1999
ncs/jr Revised - Senate Third Reader - April 5, 1999

Analysis by: Sue Friedlander	Direct Inquiries to: John Rixey, Coordinating Analyst (410) 946-5510 (301) 970-5510
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