

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
Revised

Senate Bill 359 (Senator Astle)

Finance

Community Based Health Agencies - Licensure

This bill repeals current law that regulates home health agencies, residential service agencies, and nursing staff agencies. In its place, the bill requires licensure and regulation of community based health agencies, which include entities that provide any type of medical, nursing, and personal health care, and occupational, physical, speech, infusion, and respiratory therapies to a client in the client’s home. An entity is prohibited from operating as a community based health agency unless licensed by the State, and the Department of Health and Mental Hygiene (DHMH) may impose fines on entities that violate this provision. DHMH must inspect the operations of each community based health agency at least once every two years, and may also impose sanctions on community based health agencies for failure to comply to regulations. The bill also requires DHMH, the Division of Consumer Protection of the Office of the Attorney General, and representatives of community based health agencies to advance consumer education about community based health agencies.

Fiscal Summary

State Effect: Special fund revenues would increase by \$310,900 in FY 2000. Future year revenues reflect biennial license renewals. Special fund expenditures would increase \$179,200 in FY 2000.

(in dollars)	FY 2000	FY 2001	FY 2002	FY 2003	FY 200
SF Revenues	\$310,900	\$0	\$310,900	\$0	\$310,900
SF Expenditures	179,200	219,500	226,800	234,500	242,400
Net Effect	\$131,700	(\$219,500)	\$84,100	(\$234,500)	\$68,500

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

Local Effect: Minimal. Approximately five local health departments operate a home health agency and would be subject to the \$900 biennial licensure fee.

Small Business Effect: Potential minimal. Small businesses and self-employed individuals that operate as home health agencies, residential service agencies, and other community based health agencies would be subject to a biennial license fee of \$900 and would have to submit to annual inspections.

Fiscal Analysis

State Revenues: The bill consolidates licensure and regulatory authority over various community based health agencies and gives the Department of Health and Mental Hygiene (DHMH) regulatory oversight. Under current law, nursing staff agencies are licensed by the State Board of Nursing (DHMH), home health care and residential service agencies are licensed by the Division of Licensing and Certification (DHMH), and employment agencies that refer nurses for employment are licensed by the Department of Labor, Licensing, and Regulation (DLLR). As a result of the bill's requirements, all licensing and regulation will be conducted by the Division of Licensing and Certification (DHMH).

Consequently, special fund revenues for the Board of Nursing would decrease by \$8,700 in fiscal 2000 because the Board of Nursing would no longer obtain licensing and renewal fees for nursing staff agencies. The board currently licenses approximately 171 agencies. New licenses cost \$100, and annual renewals cost \$25.

Special fund revenues for DLLR would not be affected. DLLR currently licenses employment agencies, some of which provide nurses for employment at other companies or in individual homes. DLLR licenses these employment agencies only in their role as employment services, and there is currently no mechanism in place to regulate the quality of health care provided by referrals from these employment agencies. DLLR will continue to license these employment agencies, but some employment agencies may be subject to the additional licensure requirements under DHMH as a result of this bill.

Special fund revenues would increase \$310,900 in fiscal 2000 for the Division of Licensing and Certification (DHMH), which reflects \$450,000 in licensing fees under the bill's requirements, off set by \$139,100 in licensing fees currently charged to home health agencies, residential service agencies, and nursing staff agencies. Future year expenditures reflect biennial license renewals. Licensing and Certification currently licenses home health agencies and residential service agencies. License fees are \$350 per year for home health agencies and \$500 per year for residential service agencies. Projected fiscal 1999 special fund revenues from licensing these two types of community based health agencies are \$130,400. As a result of this bill, Licensing and Certification will instead impose a \$900 biennial licensing fee on all community based health agencies to cover the costs associated

with licensing, inspecting, and regulating the industry, resulting in \$450,000 in special fund revenues (\$900 x 500 agencies). Current licensure fee amounts charged to home health agencies, residential service agencies, and nursing staff agencies will be discontinued. The bill's requirements would affect 82 home health agencies, 206 residential service agencies, 45 nurse registries, and 171 nursing staff agencies.

The bill also allows DHMH to impose fines on persons who operate community based health agencies without a license or who fail to comply with regulations. It is unknown at this time if DHMH will impose fines under the bill's requirements.

State Expenditures: The bill's requirements expand the current regulatory and licensure program of home health agencies and residential service agencies within the Department of Health and Mental Hygiene (DHMH). Licensing and Certification will be responsible for licensing and inspecting nursing staff agencies, which are currently licensed by the Board of Nursing. Licensing and Regulation will also be responsible for licensing employment agencies that refer nurses. Special fund expenditures could increase by an estimated \$179,200 in fiscal 2000, which accounts for the bill's October 1, 1999 effective date. This estimate reflects the cost of hiring three health facility surveyor nurses, one health facility surveyor coordinator, and one office secretary to inspect 500 community based health agencies. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$143,400
Operating Expenses	<u>35,800</u>
Total FY 2000 State Expenditures	\$179,200

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.

Information Source(s): Department of Health and Mental Hygiene (Licensing and Certification, Board of Nursing, Boards and Commissions, Medicaid); Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 1999
dmm/jr Revised - Corrected - March 3, 1999

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