

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 403 (Senators Kasemever and Kellev)

Finance

**Continuing Care Communities - Certificates 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. The Department of Health and Mental Hygiene (DHMH) must report to the Governor and General Assembly by January 1, 2002, on the bill's effect on the long-term care industry.

Fiscal Summary

State Effect: Special fund revenues increase by up to \$1,391 annually beginning in FY 2001. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: A CCC qualifies 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.

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. 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, and six more CON-exempt facilities are planned to open in the next few years. As the population of

a CCC ages, the need for comprehensive care beds may exceed the available capacity, jeopardizing its ability to meet residents' needs. This bill will increase the number of CON-exempt beds to 24% of the number of ILUs at the CCC for a community with less than 300 ILUs, and will require that the number of CON-exempt beds in a CCC with 300 or more ILUs remains at the current 20% of the ILU total.

State Fiscal Effect: 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 \$1,391 in fiscal 2001, based on up to 103 additional CON-exempt nursing home beds.

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.

Additional Information

Prior Introductions: This bill was introduced as SB 203, cross filed with HB 361, in the 1999 session. No action was taken after the first reading in the House Environmental Matters Committee.

Cross File: HB 864 (Delegate Klausmeier, *et al.*) - Environmental Matters.

Information Source(s): Department of Aging, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2000

nncsjr

Analysis by: Louise Hanson

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