

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 845 (Senator Hollinger, *et al.*)
 Education, Health, and Environmental Affairs Health and Government Operations

Health - Chore and Companion Service Agencies - Registration

This bill requires the Department of Health and Mental Hygiene (DHMH) to register an individual before the individual can operate a chore and companion service agency in Maryland.

Fiscal Summary

State Effect: General fund expenditures could increase by \$123,700 in FY 2005; future years reflect annualization and inflation. Future year revenues assume biennial registration renewals and a stable number of registrations. General fund revenues could increase by \$350,000 in FY 2006 reflecting 500 agencies statewide each paying a \$700 registration fee.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GF Revenue	\$0	\$350,000	\$0	\$350,000	\$0
GF Expenditure	123,700	152,300	161,000	170,400	180,500
Net Effect	(\$123,700)	\$197,700	(\$161,000)	\$179,600	(\$180,500)

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: A “chore and companion services agency” is defined as an agency that refers individuals to the home of a sick or disabled individual to perform chore and

companion services. Chore and companion services are defined as home management, meal planning and preparation, shopping, and other household-related errands.

DHMH must adopt regulations setting standards for the care, treatment, health, safety, welfare, and comfort of individuals who receive chore and companion services through a chore and companion service agency. The regulations must provide for registering these agencies, criminal background checks, and surety bonds.

An agency must conduct criminal background checks of the individuals it refers to provide services and maintain a surety bond in the form and amount determined by DHMH through regulation.

A person may not operate, attempt to operate, or hold one's self out as operating a chore and companion service agency unless the person is registered. Anyone who does so or violates the regulations adopted under this bill is guilty of a misdemeanor and on conviction is subject to a maximum \$1,000 fine for the first offense and a maximum \$10,000 fine for each subsequent offense. Each day a violation is continued after the first conviction is a separate offense.

Current Law: DHMH licenses home health agencies which directly, or through contractual agreement, provide skilled nursing services, home health aid services, and at least one other home health care service to a sick or disabled individual in the individual's residence.

The minimum standards for home health agencies are:

- within 10 days of accepting a patient for skilled care, make and record all reasonable efforts to contact a physician to obtain the required signed order;
- accept patients for skilled care do so only on the signed order of a physician obtained within 28 days of acceptance;
- adopt procedures for administering drugs and biologicals;
- maintain clinical records on all patients accepted for skilled care;
- establish patient care and personnel policies;
- have services available at least eight hours a day, five days a week, and available on an emergency basis 24 hours a day, seven days a week;
- make services available to an individual in need within 24 hours of a referral when stipulated by a physician's order;
- have a designated supervisor of patient care who is a full-time employee of the agency and is available at all times during operating hours and as needed; and

- have a person who has at least one year of supervisory experience in hospital management, home health management, or public health program management as the agency administrator who also is a licensed physician, a registered nurse, or a college graduate with a bachelor's degree in a health-related field.

A person may not operate, attempt to operate, or hold one's self out as operating a home health agency unless licensed to do so. Violators are guilty of a misdemeanor and on conviction are subject to a maximum \$1,000 fine for the first offense and a maximum \$10,000 for each subsequent offense.

Background: DHMH's Office of Health Care Quality estimates that there may be as many as 260 businesses in the Baltimore metropolitan region that would meet the definition of a chore and companion services agency as defined under this bill. The total number of agencies statewide that would be affected by the bill is unknown but is assumed to be in the 400 to 500 range based on the number in the Baltimore metropolitan area.

State Revenues: No effect in fiscal 2005 as the registration program is created. General fund revenues could increase by \$350,000 in fiscal 2006, assuming 500 agencies statewide each pay a \$700 registration fee. Future year revenues reflect biennial registration renewals and assume a stable number of registrations.

State Expenditures: General fund expenditures could increase by an estimated \$124,696 in fiscal 2005, which accounts for the bill's October 1, 2004 effective date. This estimate reflects the cost of hiring one program administrator, one sanitarian, and one secretary to staff the new registration program. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$104,460
Operating Expenses	<u>20,236</u>
Total FY 2005 State Expenditures	\$124,696

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 8, 2004
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