

**Department of Legislative Services**  
 Maryland General Assembly  
 2005 Session

**FISCAL AND POLICY NOTE**

House Bill 1424 (Delegate McComas)  
 Health and Government Operations

**Assisted Living Programs - Services Disclosure Statement**

This bill requires the Department of Health and Mental Hygiene (DHMH) to develop a standardized assisted living program services disclosure statement modeled on the form provided in Appendix III of the Federal Government Accounting Office Report GAO-04-684. The purpose of the disclosure statement is to provide a potential consumer with information about the actual services an assisted living program provides and to aid the consumer in choosing the most appropriate program for the consumer’s needs. Each assisted living program providing services to five or more individuals must file a disclosure statement with the Office of Health Care Quality (OHCQ) as part of the program’s licensure application. A program must submit an amended disclosure statement within 30 days of any change in services provided by the program. OHCQ must provide a paper copy of a program’s disclosure statement to any person who requests one and develop a web site that allows any person to access a copy of the disclosure statement. DHMH must adopt regulations to carry out the bill’s provisions.

**Fiscal Summary**

**State Effect:** DHMH general fund expenditures could increase by \$68,600 in FY 2006. Future year estimates reflect annualization and inflation.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	68,600	76,800	81,400	86,400	91,700
Net Effect	(\$68,600)	(\$76,800)	(\$81,400)	(\$86,400)	(\$91,700)

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

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** None applicable.

**Background:** In April 2004, GAO issued a report on *Assisted Living, Examples of State Efforts to Improve Consumer Protections*. One concern identified in the report was the difficulty consumers had accessing adequate information on the availability and options for assisted living. The report highlighted a Texas policy that requires all assisted living facilities to fill out a disclosure statement, the purpose of which is to help consumers better compare facility policies and services in uniform categories.

**State Fiscal Effect:** OHCQ advises that expenditures could increase by \$248,716 in fiscal 2006 to make disclosure forms available on a web site or in paper format. OHCQ advises it would need five new employees, including a webmaster to design and manage the web site, one administrative specialist to manage the collection of disclosure forms, and three health facility surveyor nurses to validate data submitted by 1,575 assisted living programs. *Legislative Services disagrees with this estimate.*

Legislative Services estimates OHCQ general fund expenditures could increase by \$68,560 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. It is assumed that disclosure statements would be mailed or faxed to OHCQ by assisted living facilities, obviating the need for additional facility surveyor nurses. Further, OHCQ is not required to verify data. The disclosure statement provides consumers with a starting point in comparing suitable facilities and it is assumed that it would be the user's responsibility to verify the facility information and to ensure that the facility is in fact suitable for the prospective resident.

This estimate reflects the cost of hiring one administrative assistant to oversee form collection, and one part-time webmaster to upload copies of disclosure statements and otherwise maintain the web site. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$53,128
Operating Expenses	<u>15,432</u>
<b>Total FY 2006 State Expenditures</b>	<b>\$68,560</b>

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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene (Office of Health Care Quality), Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2005  
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