

Fiscal Estimate Narratives

DHFS 3/3/2004

LRB Number	03-2032/7	Introduction Number	AB-842	Estimate Type	Original
Subject					
Nursing home regulation and enforcement					

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits DHFS from issuing a notice of violation of a state requirement to a nursing home that is a Medical Assistance or Medicare provider if DHFS has cited the nursing home for a violation of a federal requirement based on the same facts. The bill also extends the deadline for a nursing home to request a hearing on a violation of a state requirement to 60 days after receiving notice of the violation and extends the deadline for requesting a hearing on a forfeiture to 60 days after receiving notice of the forfeiture. The bill reduces maximum forfeiture amounts permitted for violations of state requirements from \$10,000 to \$250 for class A violations, \$5,000 to \$125 for class B violations, and \$500 to \$60 for class C violations. The bill authorizes DHFS to impose a penalty assessment of up to \$10,000 per violation on a nursing home whenever DHFS assesses a forfeiture for a class A violation of a state requirement, \$5,000 for a class B violation and \$500 for a class C violation. Both current statutes and the bill allow DHFS to impose forfeitures and penalty assessments for each day of violation. The money collected from the penalty assessments is allocated for nursing home quality of care improvement grants. The Department must impose a forfeiture and penalty assessment within 120 days of notifying a nursing home of a violation or lose the authority to do so. Nursing homes must pay forfeitures and penalty assessments to DHFS within 60 days after receipt of the notice of the final decision after administrative review (current law requires payment within 10 days). The bill also changes the time period from 10 days to 60 days within which a nursing home may pay a forfeiture and penalty assessment and have the forfeiture and penalty assessment amounts reduced by 35 percent, if it does not contest them. The bill also makes certain changes to standards for issuing a conditional license and for suspending new admissions at a facility. Under current law forfeiture revenue must be deposited in the School Fund.

As a result of the bill School Fund revenues will decline because 1) DHFS will issue fewer forfeitures because of the bill's ban on federal and state citations for the same offense and 2) the bill reduces the maximum forfeiture amounts. In 2003, DHFS issued 15 class A citations totalling \$230,019, 240 class B citations totalling \$1,438,504, and 33 class C citations totalling \$32,114. It is estimated that, under the bill, DHFS will issue 0 class A citations totalling \$0, 60 class B citations totalling \$7,500, and 33 class C citations totalling \$1,980. As a result, School Fund revenue will decrease by \$1,681,677 per year. To project the amount of penalty assessment revenue, this estimate assumes that the average penalty assessment will equal the average forfeiture amount in FY 03. It is estimated that the Department will collect \$391,740 PRO in penalty assessments, to be deposited in the new appropriation account under 20.435 (6)(ge) and distributed for nursing home quality of care improvement grants.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

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Subject			
Nursing home regulation and enforcement			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS		391,740	-1,681,677
SEG/SEG-S			
TOTAL State Revenues		\$391,740	\$-1,681,677
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-1,289,937	\$
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