

Fiscal Estimate Narratives

DHS 3/2/2010

LRB Number	09-2984/2	Introduction Number	AB-0760	Estimate Type	Original
Description ambulatory surgical facilities					

Assumptions Used in Arriving at Fiscal Estimate

Under current Wisconsin state law, a hospital must be licensed by the Department of Health Services (DHS) to operate in this state. An ambulatory surgical center is not required to be licensed to operate in this state, but must be approved by the federal Department of Health and Human Services (DHHS) to receive reimbursement under the federal Medicare program.

This bill creates a licensing requirement for ambulatory surgical facilities (ASF), which are defined as places where major regional anesthesia, general anesthesia, or moderate or deep sedation is produced in humans. The ASF licensing requirement applies to health care facilities and health care provider offices, except that hospitals, outpatient facilities operated by a hospital, and dentist offices are exempted.

Currently, there are 61 ASFs in Wisconsin that are Medicare-certified. DHS certifies and inspects these facilities under contract within the federal DHHS. Total costs per year for these surveys is approximately \$160,000, paid 100% by federal dollars. Under this bill, 50%, or \$80,000, of the costs will convert from Federal funding to General Program Revenue (GPR) funds because the federal government will require the state licensing program to share equally in the costs.

Under this bill, a facility or provider office is eligible for an ASF license if it is approved as an ambulatory surgical center for purposes of Medicare or is accredited by a national accrediting body. There are likely numerous facilities and medical offices in the state that would fall within the definition of an ASF under the bill, but do not provide Medicare services and, therefore, are not Medicare-certified by DHS. These facilities may include, for example, cosmetic surgery centers or laser eye surgery centers. Issuing licenses to these facilities would increase workload and costs to DHS. The number of such facilities that would seek licensure is unknown.

If the Department assumes that 250 facilities apply annually for licenses and 3 hours of clerical time is needed per application, a .50 FTE GPR License/Permit Program Assistant would be needed to process and track the licenses at a cost of \$23,500 annually (salary, fringe, supplies and services), with first-year one-time costs of \$1,500. The bill does not provide DHS authority to charge a licensing fee to cover these FTE costs.

This estimate assumes DHS would provide no ongoing inspection or complaint investigations for non-Medicare certified facilities. If any complaints are made against the facilities, the complaints will be referred to the private accreditation body for resolution.

In summary, the total cost of the bill would be \$103,500 GPR in ongoing costs and .50 GPR FTE, plus \$1,500 in one-time costs. These costs cannot be absorbed by the Department.

Long-Range Fiscal Implications