

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 831

**SHORT TITLE:** CON On-Site Inspections

**SPONSOR(S):** Rep. Justus, et.al

**FISCAL IMPACT:**   **Expenditures:**    **Increase (x)**       **Decrease ( )**  
                           **Revenues:**           **Increase ( )**       **Decrease ( )**  
                           **No Impact ( )**  
                           **No Estimate Available ( )**

**FUND AFFECTED:**   **General Fund (x)**   **Highway Fund ( )**   **Local Govt. ( )**  
                           **Other Funds ( )**

**BILL SUMMARY:** Require DHR to make on-site inspection of facility of each recipient of a Certificate of Need(CON) within one year of recipient receiving certification for Medicaid or Medicare reimbursement for beds or facility, or completing capital project requiring CON, or beginning to offer services requiring CON. Require DHR to make such an inspection of all recipients, regardless of date of CON, within five years of having met the appropriate conditions mentioned above.

**EFFECTIVE DATE:** October 1, 1993

**PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:** DHR-Division of Facility Services-Certificate of Need Section

**FISCAL IMPACT**

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	
	<u>FY</u>				
	93-94	94-95	95-96	96-97	97-98
<b>REVENUES:</b>					
<b>GENERAL FUND</b>					
<b>HIGHWAY FUND</b>					
<b>HIGHWAY TRUST FUND</b>					
<b>LOCAL</b>					
<b>EXPENDITURES</b>	134,203	150,000	157,500	165,375	173,643
<b>POSITIONS:</b>	3	3	3	3	3

**ASSUMPTIONS AND METHODOLOGY:** The bill provides that every recipient of a CON after October 1, 1993, would be visited for an on-site inspection within one year of the completion of the project or the offering of the service requiring a CON. According to staff in the CON Section, it is not possible to project how many new con's will be issued during future fiscal years. The only indication is to look at actual numbers in past

years. That number has generally been in the 150 to 200 range. In fiscal year 1992, the number was 147. The Department believes that if the bill were limited to certificates issued after October 1, 1993 then existing staff could make the visits at **no** additional cost.

However, visits to home health programs, End Stage Renal Disease facilities, and non-health care facilities receiving CONs for major medical equipment may require additional staff. The only staff who visit home health agencies and End Stage Renal Disease facilities are from the Certification Section. The Certification Section is funded by federal sources and is not supposed to be used to enforce state regulation requirements. Also, if the intent is for existing CON recipients to be revisited only if they received their CON within the past five years, the number of facilities which would need to be visited would be between 750 and 1000.

The Department estimates that three additional staffpersons would be needed to carry out the legislative intent. Cost of adding three on-site inspectors would be approximately \$150,000 per year; this figure includes fringe benefits and support costs.

**SOURCES OF DATA:** DHR/ DFS / CON Section

**TECHNICAL CONSIDERATIONS:** Consideration may be given to adding clarifying language as to whether the bill would require the visit of all 2000+ sites of previously approved CONs during the next five years.

**FISCAL RESEARCH DIVISION**

**733-4910**

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**DATE:** May 5, 1993



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