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FISCAL IMPACT REPORT

SPONSOR: Marquardt DATE TYPED: 03/14/01 HB 742/aHJC
 SHORT TITLE: Amend Health Care Facility Receivership Act SB _____
 ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Health Policy Commission (HPC)

No Response

Department of Health (DOH)

SUMMARY

Synopsis of HJC Amendment

HB 742/aHJC makes the following changes:

- c Requires that the person appointed as deputy receiver shall be free of conflict of interest.
- c Requires that the Secretary of Health promulgate rules to implement the Health Facility Receivership Act no later than December 31, 2001.
- c The rules must contain conditions under which a petition for a health facility receivership may be filed, the duties, authority and responsibilities of the deputy receiver and the health facility, the specific authority of the deputy receiver, minimum qualifications for deputy receivers and provisions that will be requested for inclusion in district court orders.
- c States that a health facility under receivership may petition the court at any time for modification or termination of the order of receivership.

Synopsis of Original Bill

HB 742 extends the DOH's receivership authority to include community based residential facilities funded in whole or in part by DOH through the home and community- based Medicaid waiver program or by developmental disabilities, traumatic brain injury of other medical

disabilities programs. HB 742 says that the court may restrict the authority of a deputy receiver and allows the Secretary of DOH to promulgate the rules necessary to implement the Health Facility Receivership Act.

Significant Issues

The HPC provided the following:

Health care facilities have been under increasing financial pressure and public pressure to provide higher quality services to their residents. There have been several closures of residential programs, as well as nursing homes and other community programs in the last few years. Receivership is an option in order to protect patients and maintain system capacity.

DOH currently has the authority to seek court appointment as a receiver if the facility has no valid license; will be closed within 60 days without adequate arrangements for its residents; has been abandoned or is in imminent danger of abandonment; or presents a situation, physical condition, practice, or method of operation that presents imminent danger or harm to its residents. HB 742 expands this authority additional types of facilities, extending government intervention into private facilities which have any funding from the DOH.

If community based residential facilities and institutions continue to face pressures, HB 742 may significantly increase the role of the state in operating and “bailing out” such private facilities. This may have long term significance in terms of fiscal impact, administrative burden, and litigation.

ADMINISTRATIVE IMPLICATIONS

The DOH will require staff and support services to promulgate the rules of the Health Facility Receivership Act, but since the DOH did not respond the resources needed cannot be estimated. The case load may also increase slightly because of the expanded eligibility.

DW/ar