

HF1730 - 2A - "Prescribed Pediatric Ext Care Ctr License"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/21/2017**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
State Government Special Rev	-	7	13	(14)	13	
Total	-	7	13	(14)	13	13
Biennial Total			20			(1)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
State Government Special Rev	-	.54	.14	.14	.14
Total	-	.54	.14	.14	.14

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
State Government Special Rev	-	7	13	(14)	13
Total	-	7	13	(14)	13
Biennial Total			20		(1)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
State Government Special Rev	-	64	17	17	17
Total	-	64	17	17	17
Biennial Total			81		34
2 - Revenues, Transfers In*					
State Government Special Rev	-	57	4	31	4
Total	-	57	4	31	4
Biennial Total			61		35

Bill Description

The proposal establishes a new licensing responsibility for the Minnesota Department of Health (MDH) for Prescribed Pediatric Extended Care programs (PPEC). The MDH licensing oversight includes healthcare and physical plant standards and would require fees to pay for the regulatory responsibilities of MDH.

Section 1. Definitions. This section defines the services that are provided in a Prescribed Pediatric Extended Care (PPEC) setting

Sections 2 and 3. States that a license is required for any setting providing these services. Defines exempted settings that are already otherwise operated by the federal government or licensed by MDH as a health care facility.

Section 4. States that a license application must be submitted with an application fee and beginning September 1, 2017, MDH shall issue the first license after applicants meet the requirements. The section further requires a license period of two years with renewals every two years if a fee is paid and requirements are met. Also states that a license is not transferable.

Section 5. Sets out types of fees allowed: initial application fees; license renewal, and late fee. Clarifies that all fees are nonrefundable.

Section 6. Specifies areas of Minnesota hospice licensing rules that will apply to PPEC settings instead of conducting separate rulemaking for this new license type.

Section 7. Limits the numbers of hours a child can attend a PPEC to 14 hours a day within a 24 hour period. States that a PPEC may be open 24 hours a day seven days a week.

Sections 8 - 13. States duties of owner and administrator. States that PPEC must have written policies governing admission, transfer and discharge of children. States that the PPEC must have a medical director. Describes nursing and medical services that must be provided.

Section 14. Requires a PPEC to establish its own quality assurance program.

Section 15. Gives MDH authority to inspect PPECs including records and that it must be done before issuing or renewing a license.

Section 16. Requires PPEC to comply with maltreatment of minors' act and crib safety requirements.

Section 17. Authorizes MDH to take enforcement actions against a PPEC for violating the laws through denial, suspension, revocation, or refusal to renew. And defines prohibited acts.

Section 18. Authorizes MDH to require PPEC to submit a corrective action plan in response to a notice about a violation of law. Authorizes MDH to issue fines.

Section 19. States that when a PPEC closes, it must give a family 30 days' notice.

Sections 20 - 23. Provides cross references to the Minnesota Maltreatment of Minors Act.

Assumptions

The estimates of time in this narrative are based on MDH's experience in regulating other health facilities, information it obtained from Mississippi and Florida (both of which regulate this type of facility) and Pediatric Home Service.

Based on estimates provided by Pediatric Home Service, MDH assumes that there will be 15 licensees with an average capacity number of 30 children. MDH assumes that it will issue 15 licenses in the first year and will see one new license application in each subsequent year. For purposes of this fiscal note, MDH assumes costs in FY 2018 for initial licensing and splits the costs for every-other-year renewal in each year beginning in FY 2019 and continuing thereafter.

MDH assumes that no rulemaking is required because the proposal cites existing hospice licensing rules, and contains sufficient healthcare services and physical plant standards.

Licensing/Credentialing Activities:

MDH assumes that it will develop licensing and renewal application forms for mailing and will add this facility license type to the eventual department-based enterprise-wide e-licensing project instead of developing a new IT system now. The applications process will begin July 1, 2017, in order to begin issuing licenses by September 1, 2017. Health Program Representative Senior staff are necessary to coordinate and process applications and renewals: 0.19 FTE in FY 2019 and a 0.07 FTE each year thereafter. The licensing activity will require .01 FTE of office support work staff every year.

Healthcare Inspections:

MDH assumes it will inspect all Prescribed Pediatric Extended Care (PPEC) programs before issuing the initial license for a total of 15 inspections within the first State Fiscal Year 18. Each license term is two years. A 0.25 FTE Nurse Evaluator 2 in FY 2018 and a 0.04 FTE Nurse Evaluator 2 each year thereafter is necessary for preparing for and conducting inspections, and documenting the survey.

State Fire Marshal's Office Inspections:

MDH assumes the state fire marshal's office will conduct its own surveys in compliance with state fire codes and MDH will not conduct this activity via a contract with the state fire marshal's office.

MDH Engineering Section Inspections:

MDH assumes its engineering section will conduct plan reviews conduct onsite surveys of the facilities. These reviews will occur initially before the license is issued and every other year thereafter when the renewal application is submitted. A 0.07 FTE Engineer Principal is needed in FY 2018 and a 0.02 FTE each year thereafter.

Complaint Investigations:

MDH assumes two complaints a year beginning in FY 2019 taking approximately 20 hours per investigation. The investigations are conducted by a 0.02 FTE Nurse Evaluator 2.

Supervisory/Management Time:

MDH assumes 40 hours of supervisory and management time each year by a 0.02 FTE Health Facility Supervisor 1.

Expenditure and/or Revenue Formula

Description	Fee Amount	Number of Units Charged Fee per FY					
		FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
Initial Licensing Fee	3,820.00		15	1	1	1	1
Renewal Licensing Fee	1,800.00		-	-	15	-	17
Late Fee	25.00			3	3	3	3

State law requires that fee amounts in the state government special revenue programs be set at a level that does not substantially over or under recover the cost of the regulatory activity. We assumed the following fee amounts in order to balance revenues and expenditures out over a five-year forecast period of FY 2018-22:

- \$3,820.00 initial application fee

- \$1,800.00 license renewal
- \$25.00 late fee

FUND BACT	EXPENDITURES (dollars in thousands)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SGSR 1200 BACT 3	Salary and Fringe Benefits	-	49	13	13	13
	Other Operating Costs	-	3	1	1	1
	Grants	-	-	-	-	-
	Administrative Services	-	-	-	-	-
	OR Indirect Cost	-	12	3	3	3
	TOTAL EXPENSES	-	64	17	17	17
	TOTAL REVENUES	-	57	4	31	4
	NET COST <SAVINGS>	-	7	13	(14)	13

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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