

OFFICE OF FISCAL ANALYSIS

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SB-1395

AN ACT ESTABLISHING LICENSURE FOR LONG-TERM ACUTE CARE HOSPITALS AND REQUIRING THE DEPARTMENT OF PUBLIC HEALTH TO STUDY THE DESIGNATION OF LONG-TERM CARE FACILITIES AND CHRONIC DISEASE HOSPITALS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Public Health, Dept.	GF - Cost	50,900	43,100
Resources of the General Fund	GF - Potential Revenue Loss	Up to 37,500	Up to 50,000
State Comptroller - Fringe Benefits ¹	GF - Cost	17,600	17,600
Department of Emergency Services and Public Protection	Applicant Fingerprint Card Submission Account - Potential Revenue Loss	Up to 7,500	Up to 10,000
Public Health, Dept.	GF - Potential Revenue Impact	See Below	See Below
Department of Emergency Services and Public Protection	GF - Potential Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 26 \$	FY 27 \$
Various Municipal Police Departments	Potential Revenue Loss	See Below	See Below

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

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Explanation

The bill creates a new licensure category for long-term acute care hospitals. This results in an estimated total General Fund cost of up to \$68,500 in FY 26 and \$60,700 in FY 27. Additionally, potential revenue losses may result: (1) to General Fund of up to \$37,500 in FY 26 and up to \$50,000 in FY 27; and (2) to the Applicant Fingerprint Card Submission Account of up to \$7,500 in FY 26 and \$10,000 in FY 27.

Department of Public Health Licensure Category Establishment

The bill requires the Department of Public Health (DPH) to establish a new licensure category for long-term acute care hospitals and study the designation of long-term care facilities and chronic disease hospitals (CDH). This results in an estimated cost to the agency of \$50,900 in FY 26 and \$43,100 in FY 27, with an estimated cost to the Office of the State Comptroller for associated fringe benefits of \$17,600 annually.

To draft and implement regulations for the new long-term acute care hospital license, DPH needs support from two additional part-time (0.25 FTE) positions with a salary cost to the department of \$43,100 in both FY 26 and FY 27: (1) a Staff Attorney 1, at an annual salary of \$21,400 (plus \$8,700 fringe benefits); and (2) a Nurse Consultant, at an annual salary of \$21,700 (plus \$8,900 fringe benefits). The Nurse Consultant will also participate in conducting a study of long-term care facilities and CDH designations, as well as assist with the development of a report to the legislature, as required by the bill.

An additional one-time cost to DPH of \$7,800 in FY 26 for 150 hours of consultation with a healthcare consultant to assist with in the required study and the final report.

DPH currently licenses three hospitals under the CDH category, but it is unclear whether the three existing CDHs would transition to the new long-term acute care licensure category once it is created. There is a potential annual revenue change to the General Fund beginning in FY 26 depending on what licensure fees are created for the new category, if

any, and to the extent existing CDHs change to it.

Criminal Background Checks

Current law generally requires CDH employees with direct access to patients to submit to state criminal history records checks. The bill does not include this requirement for long-term acute care hospitals, which may result in the following impacts, to the extent that facilities currently licensed as CDHs switch to be licensed as long-term acute care hospitals: (1) potential savings to the Department of Emergency Services and Public Protection (DESPP); (2) a potential revenue loss to the General Fund of up to \$50,000 per fiscal year;² and (3) a potential revenue loss to the Applicant Fingerprint Card Submission Account or various municipal police departments of up to \$10,000 per fiscal year,³ beginning in FY 26. On average, about 660 CDH employees submit to state criminal history checks annually. The potential savings to DESPP would only occur if the decrease in workload is significant enough to require fewer employees. The FY 26 costs above reflect the bill's partial year implementation.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. It is anticipated that the DPH personnel costs will be limited to the biennium, as the new staff are needed only for reporting and regulations development.

² DESPP conducts state criminal history records checks for a fee of \$75. The revenue that is collected from this fee is deposited into the General Fund.

³ DESPP conducts fingerprinting for a fee of \$15 fee per person paid to the Applicant Fingerprint Card Submission Account. Municipal police departments may also conduct the required fingerprinting for state criminal history records checks and typically charge a fee of \$10 to \$15. Funds in the non-lapsing Applicant Fingerprint Card Submission Account are used for IT support and maintenance for the fingerprinting systems.