

**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2007**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 708 (First Edition)

**SHORT TITLE:** Hospice/License Fees, Inspections, Funds.

**SPONSOR(S):** Senator Purcell

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>	<u><b>FY 2010-11</b></u>	<u><b>FY 2011-12</b></u>
<b>REVENUES</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$90,000</b>
<b>Fees</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>	<b>\$70,000</b>
<b>Federal Funds</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>
<b>EXPENDITURES</b>	<b>\$150,000</b>	<b>\$158,400</b>	<b>\$167,745</b>	<b>\$177,642</b>	<b>\$187,768</b>
<b>General Fund</b>	<b>\$60,000</b>	<b>\$68,400</b>	<b>\$77,745</b>	<b>\$87,642</b>	<b>\$97,768</b>
<b>POSITIONS (cumulative):</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Division of Health Service Regulation, Department of Health and Human Services					
<b>EFFECTIVE DATE:</b> July 1, 2007					

**BILL SUMMARY:** The proposed legislation amends GS 131E-202 to require an annual license fee of \$350 for hospices and also amends GS 131E-204 to require that hospices be inspected at a minimum of once every three years. The proposed legislation also appropriates \$42,500 in each year of the biennium from the General Fund to the Department of Health and Human Services, Division of Facility Services, to support two positions to do the required inspections.

**ASSUMPTIONS AND METHODOLOGY:** **Revenues:** The Division of Health Service Regulation licenses 200 hospices annually. The proposed legislation requires an annual license fee of \$350. The annual revenue from the proposed licensure fee for hospices would be \$70,000 (200 hospices X \$350 annual license fee). Since hospices serve Medicare patients, the Division can draw down \$20,000 in federal funding to cover the cost of licensure and regulation of hospices.

**Expenditures:** The proposed legislation requires that all licensed hospices be inspected at least once every three years. Under current law, hospices are inspected according to rules set by the Medical Care Commission which uses the federal standard of inspections once every ten years. The Division of Health Service Regulation does not have staff assigned to inspect hospices. The Division has estimated that hospice inspections once every three years would require two registered nurse positions (Facility Survey Consultant I - Pay Grade 73). The annual cost of these positions' salaries, benefits, travel, and other costs is estimated to be \$150,000 in FY 2007-08 and have been inflated to reflect increased cost of salaries and benefits in FY 2008-09 through FY 2011-12. Fees and federal funding will not cover the full cost of the hospice inspection program, and the remaining costs will need state appropriations to fully fund the program. Estimated state appropriations for the inspection program are \$60,000 for FY 2007-08 and \$68,400 for FY 2008-09, and the need for state appropriations increases to \$97,768 by FY 2011-12.

**SOURCES OF DATA:** Division of Health Service Regulation, Department of Health and Human Services

**TECHNICAL CONSIDERATIONS:** Effective July 1, 2007, the name for the Division of Facility Services was changed to the Division of Health Service Regulation.

**FISCAL RESEARCH DIVISION: (919) 733-4910**

**PREPARED BY:** Carol Shaw

**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division

**DATE:** 7/10/07



**Signed Copy Located in the NCGA Principal Clerk's Offices**