

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 Third Reader

House Bill 443 (Delegate West, *et al.*)
 Health and Government Operations

Finance

Assisted Living Programs - Licensure Fees

This bill repeals the requirement that the Department of Health and Mental Hygiene (DHMH) adopt regulations requiring the Secretary of Health and Mental Hygiene to *charge* fees for the issuance and renewal of assisted living facility licenses in a specified manner. Instead, the bill requires DHMH to adopt regulations that *establish* the application fee to be paid to the Secretary by an applicant for an assisted living program license.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund revenues decrease by an estimated \$128,800 annually beginning in FY 2018 from the elimination of licensure fees for assisted living facilities, as discussed below. Any impact on DHMH expenditures is anticipated to be minimal.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)
Expenditure	0	0	0	0	0
Net Effect	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Potential meaningful for small business assisted living facilities due to elimination of licensure fees.

Analysis

Current Law: DHMH, in consultation with representatives of the assisted living facility industry and advocates for residents of assisted living facilities, with the approval of the Department of Aging and the Department of Human Resources, must adopt regulations that require the Secretary of Health and Mental Hygiene to charge fees for inspecting assisted living program facilities and maintaining the licensure program for assisted living programs. The total fees collected may not exceed the actual direct and indirect costs to DHMH for inspecting assisted living program facilities and maintaining the licensure program for assisted living programs.

Background: According to the Office of Health Care Quality (OHCQ), there are 1,564 assisted living programs licensed to operate in the State; 39 of them have the capacity to house 100 clients or more, while 1,189 programs have 10 or fewer clients. Approximately half of all programs renew their licenses in a given fiscal year. Biennial license fees vary depending on the size of the facility, ranging from \$100 for facilities with 1 to 4 beds to \$750 for facilities with 150 or more beds.

DHMH advises that OHCQ processes initial and renewal applications, including application fees, on an ongoing basis. DHMH further notes that collecting and processing fees requires a significant amount of administrative staff time and, should an application fee be established but not charged, the administrative burdens attached to collecting and processing the licensing fees would be eliminated. DHMH advises that fees are deposited directly to the general fund, and no portion of the fees is retained by DHMH. Total general fund revenues attributed to the fees collected from assisted living facilities total approximately \$128,835 annually.

In recent years, the Administration has reduced or eliminated certain health-related licensing and permitting fees through regulatory changes. In August 2016, licensure fees for 13 categories of health care providers regulated by OHCQ were eliminated (set to \$0), while licensing fees for freestanding medical facilities and assisted living facilities were substantially reduced.

State Fiscal Effect: The bill authorizes DHMH to *establish* an application fee for licensure of assisted living facility programs rather than *charge* licensure fees. As existing licensure fees can be increased or decreased under current law, this estimate assumes that DHMH eliminates the fee by establishing an application fee of \$0, similar to 13 other OHCQ-regulated providers. Thus, general fund revenues decrease by an estimated \$128,835 annually beginning in fiscal 2018. OHCQ may realize some administrative efficiencies as it is no longer required to collect and process applications fees. Any such efficiencies are anticipated to be minimal.

Small Business Effect: DHMH advises that the bill impacts approximately 1,292 assisted living programs that it believes meet the definition of small businesses. These facilities would no longer be required to pay a licensing fee; as most of these small business facilities have 10 or fewer beds, the amount is likely \$100 to \$150 every two years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene; Department of Legislative Services

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