

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 19, 2007
POSITION: Oppose
SPONSOR: California Advocates for Nursing Home Reform

BILL NUMBER: SB 535
AUTHOR: S. Kuehl
RELATED BILLS: AB 893 (1999), SB 1301 (2006)

BILL SUMMARY: Long Term Health Care Facilities Website

This bill would require the Department of Public Health (DPH) to develop and establish an Internet-based statewide consumer information service system for long term health care facilities (LTHCFs) by March 1, 2008.

FISCAL SUMMARY

In order to implement this bill's provisions within the required timelines, the DPH would require an estimated \$1.3 million from its to scan the actual paper POCs submitted by facilities to district offices in order to post them onto the website. An estimated 17.0 clerical positions (one per district office) would be required to redact confidential information and scan POCs into the system at a cost of \$758,000. Contract funding of \$295,000 (equivalent to 5.0 positions) would be required for Los Angeles County. A determination is not yet available as to whether some (or all) of the position-related funding would be permanent. One-time system development and equipment costs are estimated to be \$222,000.

It is unlikely the DPH's Licensing and Certification (L&C) program would receive a higher federal grant for these activities. Consequently, the L&C fund would have to support implementation of this bill's provisions, which would increase L&C fees paid by LTHCs. A quality assurance (QA) fee also is levied on various entities (including LTHCFs) and deposited into the General Fund. The federal government will reduce the maximum for combined L&C and QA fees to 5.5 percent on January 1, 2008. Because the 5.5 percent cap applies to both fees, any increase to L&C fees would impact the General Fund by reducing the amount of QA fees that can be collected. Consequently, absent a corresponding adjustment to rates for LTHCFs to offset lost General Fund revenue, this bill could reduce General Fund revenue by one dollar for every dollar increase in LTHCF licensing fees.

COMMENTS

The Department of Finance opposes this measure for the following reasons:

- Absent an increased federal grant, the L&C fund would be used to implement this bill's provisions. To the extent there is a resulting increase in L&C fees and rates are not reduced correspondingly, the General Fund would be impacted on a dollar-for-dollar basis due to the 5.5 percent federal cap on combined licensing and QA fees that can be levied on LTHCFs.
Given the ongoing efforts to implement similar provisions mandated by SB 1301 and AB 893, meeting this bill's requirements and timelines would not result in providing the public a markedly different service, but would consume significantly greater resources.

Existing law (see Related Legislation below) requires the L&C program to create and maintain a website for LTHCFs. The DPH is actively engaged in planning efforts to meet existing statutory mandates. This bill would require more information be placed on the website than is currently required, such as facility-specific

Analyst/Principal Date Program Budget Manager Date
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Governor's Office: By: Date: Position Approved
Position Disapproved

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details for the last three (rather than two) survey cycles, all complaints (rather than only substantiated complaints), and state/federal deficiencies [including the facility's Plan of Correction (POC)]. Currently, POC issuance is paper-based and the data used to generate deficiency reports is captured in a federal system for which the state does not have the authority to alter. Unlike POCs for deficiencies, citation-related POCs are currently captured in a state-owned licensing system.

RELATED LEGISLATION

The 2007 Governor's Budget included funding to implement the provisions of Chapter 647, Statutes of 2006 (SB 1301), which among other things, requires the DPH to modify the website for the L&C program. For health facilities, the website will display the outcomes of inspections and investigations, compliance histories, substantiated adverse events, etc.

A Spring Finance Letter was submitted to fund implementation activities for certain provisions of Chapter 430, Statutes of 1999 (AB 893), which included related Internet reporting requirements for long-term care facilities. The DPH has not had the funding to fully implement AB 893. Though adoption of the Budget Act of 2007 is pending, the request has not been modified or denied by the Legislature.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
4265/PublicHealth	SO	No	-----	See Fiscal Summary	-----				3098
1257/Othr Reg Lic	RV	No	-----	See Fiscal Summary	-----				0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
3098	Licensing and Certification Program Fund								