

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research  
733-4910

Prepared By: Manny Marbet	Date Prepared: May 4, 1989	Bill No. HB 1082	Edition: 1
Approved By: Tom Covington TOMC	MAY 5, 1989		Rep. Larry Justus and Sponsor: Rep. Fred Bowman
Short Title: Certificate of Need Monitored			

TYPE OF FISCAL IMPACT	COUNTY/		FUNDS AFFECTED:		
	State Gov't	Local Gov't	(X) General	( ) Highway	( ) Other: Local
			State Fiscal Impact	FY 89-90	FY 90-91
No Fiscal Impact ( )	( )	( )	State Total Req'ments	\$346,000	\$304,000
			Receipts/Revenues	-0-	-0-
Increase Expenditure (X)	( )	( )	Net State Expend./Rev.	-0-	-0-
			No. of Positions	6	6
Decrease Expenditure ( )	( )	( )			
			Local Fiscal Impact	FY	FY
Increase Revenue ( )	( )	( )	Local Total Req'ments	-0-	-0-
			Receipts/Revenues	-0-	-0-
Decrease Revenue ( )	( )	( )	Net Local Expend./Rev.	-0-	-0-
			No. of Positions	-0-	-0-
No Estimate Avail. ( )	( )	( )			

Description of Legislation

1. Summary of Legislation:

To ensure that the recipient of a CON follows the projections of its application

2. Effective Date:

October 1, 1989

3. Fund or Tax Affected:

General Fund

4. Principal Department/Program Affected:

Department of Human Resources/Division of Facility Services

Cost or Revenue Impact on State

	FY 89-90	FY 90-91	FY
1. Non-Recurring Costs/Revenues	\$ 42,000	-0-	
2. Recurring Costs/Revenues	\$304,000	\$304,000	
3. Fiscal/Revenue Assumptions			

Cost/Revenue Impact on County or Local Government

	FY 88-89	FY 89-90	FY
1. Non-Recurring Costs/Revenues			
2. Recurring Costs/Revenues			
3. Fiscal/Revenue Assumptions			

Sources of Data for Fiscal Note

Department of Human Resources

Technical Considerations/Comments

The CON program was established as a result of legislation passed by the General Assembly in 1978. Its purpose is to plan and control the development of health care facilities in the State.

The costs estimate to implement HB 1082 is \$346,000 in FY 89-90 and \$304,000 in FY 90-91. There is a one-time equipment expense reflected in the first year costs. The estimated additional costs to monitor projects includes six (6) project analysts, and required benefits, as well as supplies/materials and other related costs. The Department estimates that the current staff, of 10 Human Resource Planners/Evaluators and 3 clerks, cannot meet the mandates of HB 1082 in addition to their regular workload. The current staff is responsible for reviewing over 360 applications per

year, or 36 applications per person, with an average length of reviews of 7 working days per application. It is also anticipated that the number of applications for review will remain constant over the next few years.

This bill amends G.S. 131E-181(b) to require that the Department of Human Resources obtain evidence from recipients of a certificate of need (CON) for health care facilities, that the facility is operating in compliance with its application. The current language makes it permissive to obtain evidence, but it is currently limited to a paper review. The type of monitoring that HB 1082 is requiring involves actual on-site monitoring and review. It appears that this fact alone would necessitate adding new positions, since the current staff's workload does not allow for sufficient monitoring time.



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