STORAGE NAME: h1519.hhs
DATE: April 17, 1997

HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
HEALTH AND HUMAN SERVICES APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 1519

RELATING TO: Rural Hospital Definition

SPONSOR(S): Representative Westbrook

STATUTE(S) AFFECTED: Sections. 395.602 and 408.07, F.S.

COMPANION BILL(S): None.

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) HEALTH CARE STANDARDS & REGULATORY REFORM YEAS 7 NAYS 0
(2) HEALTH AND HUMAN SERVICES APPROPRIATIONS
(3)
(4)
(5)

I. SUMMARY:

This bill would increase the maximum number of licensed beds allowed in a state-designated rural hospital from 85 to 100. According to the Agency for Health Care Administration (AHCA), the immediate effect of this bill would be to increase the number of rural hospitals from 27 to 29.

There is a potential impact on the Medicaid program. Any such impact would probably be minimal. In addition, other rural hospitals may experience a decrease in the rural hospital disproportionate share allocation they would otherwise receive since more hospitals will be sharing in the fixed amount of funding provided for this purpose.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

According to AHCA, there are currently 27 rural hospitals in the state which meet the rural hospital definition as it presently exists in the statutes. Rural hospitals receive special exemptions regarding certificate of need requirements for Hospice, Home Health, and the ability to convert up to 50% of their acute beds to nursing home beds. They are also exempt from having to submit a budget letter and from receiving penalties under hospital budget review statutes. These hospitals currently receive a portion of the rural hospital disproportionate share funding.

B. EFFECT OF PROPOSED CHANGES:

According to AHCA this change would increase the number of rural hospitals from 27 to 29. It would further divide the amount of fixed funds distributed to rural hospitals through the disproportionate share programs.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

Yes. The hospitals that would be newly designated as rural hospitals would be allowed to share in the rural hospital disproportionate share program.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

No.

(2) what is the cost of such responsibility at the new level/agency?

No.

(3) how is the new agency accountable to the people governed?

No.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes. Hospitals falling under the expanded rural hospital designation would be exempt from a number of regulations applied to other hospitals.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A.

(2) Who makes the decisions?

N/A.

(3) Are private alternatives permitted?

N/A.

(4) Are families required to participate in a program?

N/A.

(5) Are families penalized for not participating in a program?

N/A.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A.

(2) service providers?

N/A.

(3) government employees/agencies?

N/A.

D. SECTION-BY-SECTION RESEARCH:

Section 1: Amends the definition of rural hospital in s. 395.602(2)(e), F.S., by increasing the licensed bed limit from a maximum of 85 to a maximum of 100.

Section 2: Amends the definition of a rural hospital in s. 408.07(42), F.S., by increasing the licenced bed limit from a maximum of 85 to a maximum of 100.

Section 3: Adds an effective date of July 1, 1997.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

See fiscal comments.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   See fiscal comments.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   See fiscal comments.

2. Direct Private Sector Benefits:

   See fiscal comments.

3. Effects on Competition, Private Enterprise and Employment Markets:

   See fiscal comments.

D. FISCAL COMMENTS:

Additional hospitals will be eligible for rural hospital disproportionate share payments. Unless there is a corresponding increase in appropriations to the rural hospital disproportionate share programs, each current participating hospital should expect to receive a smaller allocation than they would receive otherwise. Currently, there is no increase for the rural hospital disproportionate share programs in the House Health and Human Services Appropriations Act.

Although the Agency for Health Care Administration predicts that there will be no fiscal impact to the state, there is some potential for fiscal impact from lifting Certificate of Need and other regulatory requirements. If the additional rural hospitals use their authority to convert some of their beds to nursing home beds, these would be eligible for Medicaid reimbursement through the nursing home program. Since only two hospitals are expected to become designated, however, the impact would be minimal. In addition, Medicare, which is entirely federally funded, would probably cover a substantial portion of any nursing home bed costs in these hospitals.

If hospitals choose to utilize CON exemptions to expand into hospice and home health this could introduce increased competition among existing providers.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenue in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS & REGULATORY REFORM:

Prepared by:	Legislative Research Director:
Stanley H. Griffis, III	Robert W. “Bob” Coggins

AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS:

Prepared by:	Legislative Research Director:
James P. DeBeaugrine	Lynn S. Dixon