

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 541** HLS 12RS 679

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 19, 2012 8:59 AM	Author: ST. GERMAIN
Dept./Agy.: Department of Public Safety	Analyst: Alan M. Boxberger
Subject: Fire marshal review of plans for health care and residential	

FIRE PROTECT/FIRE MARSHAL OR SEE FISC NOTE LF EX Page 1 of 1
Provides for fire marshal review of plans and specifications for health care facilities and residential living options

Present law authorizes the fire marshal to charge fees for conducting inspections, both as to private persons, and the state; specifies that such fees must cover, but not exceed, the actual cost of inspections; and that the fee must be based on the time required for the inspection multiplied by 2.5 times the average hourly pay rate for inspectors while exempting nonpublic elementary and secondary schools from the fee. Proposed law further authorizes the fire marshal to conduct plan reviews for plans or specifications for facilities licensed or certified by DHH which are submitted for review; to charge fees for plan reviews while specifying the fee cannot exceed the actual cost of the plan review; and that the fee must be based on the time required for the plan review multiplied by 2.5 times the average hourly pay rate for plan reviewers. Present law provides for a charge of \$5 per page for all plans or specifications for hospitals, ambulatory surgical centers, nursing homes, and group or community homes or other residential living options, with a minimum charge of \$25 and a maximum charge of \$300, plus a postage and handling fee of \$10. Proposed law deletes the \$5 per page provision and its associated conditions.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$1,125,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$1,125,000

EXPENDITURE EXPLANATION

The proposed law will result in an increase of \$225,000 to local health entities and a corresponding decrease of \$225,000 in state expenditures. The Office of State Fire Marshal (OSFM) currently performs these inspections through a contract with, and on behalf of, the Department of Health and Hospitals. Proposed law will shift the source of funds related to these expenditures to SGR from IAT within OSFM. The fire marshal estimates that it performs approximately 300 plan reviews annually. The Department of Health and Hospitals (DHH) will realize a \$250,000 decrease in expenditures as it ceases sending IAT expenditures to OSFM. The Legislative Fiscal Office assumes \$225,000 of this expenditure to originate 50% from SGF and 50% from Federal match, and the balance of \$25,000 from fees to local facilities for plan reviews.

Proposed law will increase the inspection fee expenditure by health care facilities and residential living options by approximately tenfold, and increase the total annual expenditures for local facilities statewide by \$225,000. DHH does not charge fees to attain full-cost recovery. DHH reports that its total revenue collections associated with plan reviews in FY 11 were approximately \$25,000. Assuming 300 reviews is the average annual number, health care facilities and residential living options currently expend approximately \$83.33 per plan review (\$25,000/300 reviews). Proposed law establishes a formula wherein the expenditure will be calculated as 2.5 multiplied by the average hourly rate of a plan reviewer (\$31.78) multiplied by the average number of hours spent per review (10.5), or an average of \$834.23 per review.

REVENUE EXPLANATION

Proposed law provides for review of plans and specifications for health care facilities and residential living options under a newly calculated formula. The formula is 2.5 X the average hourly rate of a plan reviewer (\$31.78) X the average number of hours spent per review (10.5), or an average of \$834.23 per review. The fire marshal estimates that it receives approximately 300 requests for review annually. Based on the new formula, revenue collections will grow by approximately tenfold over current collections from fees for plan reviews, as DHH reports that its total revenue collections associated with plan reviews in FY 11 was approximately \$25,000. The new formula would generate approximately \$250,000 in SGR, or an increase of \$225,000. The \$250,000 SGR will now accrue directly to OFSM. DHH does not charge fees to attain full-cost recovery. Assuming 300 reviews is the average annual number, health care facilities and residential living options currently expend approximately \$83.33 per plan review (\$25,000/300 reviews). The fee schedule as specified in this bill will essentially increase the fee for plan reviews by tenfold, from \$83.33 per review to \$834.23 or \$25,000 annually to \$250,000.

NOTE: The existing contract with DHH for \$250,000 is a flat fee regardless of the number of plan and specification reviews. To the extent that the number of reviews falls short of, or exceeds, the estimated 300 annual reviews, the department would realize a reduction or increase in revenues of \$834.23 on average per review. Additionally, DHH reports that its total revenue collections associated with plan reviews in FY 11 was approximately \$25,000.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<i>Evan Brasseaux</i>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		Evan Brasseaux Staff Director