

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 36 **STATUS:** Original
SUBJECT: Oregon Patient Safety Reporting Program Assessments
GOVERNMENT UNIT AFFECTED: Oregon Patient Safety Reporting Program
PREPARED BY: John F. Borden
REVIEWED BY: Adrienne Sexton
DATE: February 20, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES:		
See Comments		

REVENUES:
See Comments

EFFECTIVE DATE: July 1, 2007

GOVERNOR’S BUDGET: The Oregon Patient Safety Commission is a semi-independent state agency subject to ORS 182.456 to 182.472. The agency’s budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure clarifies who the Oregon Patient Safety Commission (OPSC) may assess fees, that assessments are to used to fund only the operating costs of the Oregon Patient Safety Reporting Program, and that the OPSC’s fiscal year “amounts collected” beginning in July 2007 may not exceed \$1.5 million. Beginning in fiscal year 2008, the \$1.5 million figure shall be adjusted annually by the Consumer Price Index. Section 3 of the measure pertaining to the “amounts collected” repeals on January 2, 2010 along with other key provisions of the original 2003 measure.

The OPSC adopts a biennial budget and fee schedule by administrative rule. The 2005-07 budget for the Commission is \$945,229. The fiscal year budgets for this biennium are: FY06 \$410,106 and \$535,193 for FY07. Revenue supporting these budgets has come from assessments on hospitals and voluntary contributions. In the future, the source of revenue for the budgets would come from assessed fees on all participating entities (i.e., hospitals (40%), long-term care facilities (20%), pharmacies (20%), ambulatory surgical centers (11%), outpatient renal dialysis facilities (6%), freestanding birthing centers (3%)). This measure does not allow the Commission to assess independent professional health care societies or associations.

With expanded reporting and associated expenditures, and less voluntary contribution revenue, the Commission plans to phase-in a broader (fiscal year) fee schedule which is detailed in the below table:

Assessed Entity	Number of Entities	Proposed/Preliminary Average Fiscal Year Fee per Entity	Est. Revenue
Hospitals			
<3,000 Patient Discharges	31	\$1,000	\$31,000
3,001 to 10,000 Patient Discharges	15	\$3,500	\$52,500
>10,001 Patient Discharges	11	\$8,500	\$93,500
Nursing Homes (proposed rate)	145	\$700	\$101,500
Ambulatory Surgery Centers (preliminary rate)	62	\$850	\$52,700
Pharmacy (preliminary rate)	558	\$150	\$83,700
Renal Dialysis (preliminary rate)	44	\$700	\$30,800
Birthing Centers (preliminary rate)	4	\$250	\$1,000
Total	870		\$446,700

The above table shows that based on proposed and preliminary rates, the Commission would assess \$446,700 per fiscal year or \$893,400 per biennium. Nursing home and pharmacy fees are estimated to phase-in by June 2007, the ambulatory surgical center fee by September 2007, and renal dialysis and birthing centers fees by January 2008.

The Commission has stated that it plans to budget approximately \$500,000 each fiscal year and remain well below the \$1.5 million fiscal year revenue limit in this measure. The Commission's assessment schedule may have to be modified if expenditures exceed \$446,700 per fiscal year and to account for sufficient reserves and cash flow. The \$1.5 million figure would be adjusted each fiscal year by the Portland Oregon Urban Consumers Consumer Price Index. Since 1992 through the first half of 2006, this index has averaged a 2.7 percent increase. On this basis, the \$1.5 million figure could begin growing at approximately \$40,500 per fiscal year.