

HF606 - 0 - "Abortion Fac Licensure Requirement"

Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/23/2015**
 Lead Agency: **Health Dept**
 Other Agencies:
 Administrative Hearings Supreme Court

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Health Dept						
State Government Special Rev	-	22	42	22	42	
State Total						
Administrative Hearings	-	-	-	-	-	-
State Government Special Rev	-	22	42	22	42	
Total	-	22	42	22	42	42
Biennial Total			64			64

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Health Dept					
State Government Special Rev	-	.32	.32	.32	.32
Total	-	.32	.32	.32	.32

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 03/23/2015
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Health Dept					
State Government Special Rev	-	22	42	22	42
Total	-	22	42	22	42
Biennial Total			64		64
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	20	-	20
Health Dept					
State Government Special Rev	-	41	61	41	61
Total	-	41	81	41	81
Biennial Total			122		122
2 - Revenues, Transfers In*					
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	20	-	20
Health Dept					
State Government Special Rev	-	19	19	19	19
Total	-	19	39	19	39
Biennial Total			58		58

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Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/23/2015**
 Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Administrative Hearings		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administrative Hearings		-	-	20	-	20
Total		-	-	20	-	20
Biennial Total				20		20
2 - Revenues, Transfers In*						
Administrative Hearings		-	-	20	-	20
Total		-	-	20	-	20
Biennial Total				20		20

Bill Description

HF 606 requires clinics, health centers and other facilities that provide 10 or more abortions per month to be licensed by the Commissioner of Health.

Section 1, Subd. 4, allows the Minnesota Department of Health (MDH) to refuse to grant or renew, or suspend or revoke, a license under certain circumstances.

Section 1, Subd. 5, permits a licensee to be granted a hearing as provided by sections 14.57 to 14.69 prior to any suspension, revocation or refusal to renew a license.

Assumptions

The Office of Administrative Hearings (OAH) has used MDH's estimate to project that one agency action every two years would proceed to notice and hearing at OAH. As noted in the MDH fiscal note, the hearing costs are projected in FY 2017 and FY 2019.

Minn. Stat. sec. 14.53 requires OAH to assess agencies the costs of all services provided to them with respect to contested case hearings.

MDH has included those projected costs (\$20,000 per hearing; one hearing per biennium) in its fiscal note. Therefore the OAH fiscal note shows no additional costs.

Expenditure and/or Revenue Formula

See MDH fiscal note.

Long-Term Fiscal Considerations

See MDH fiscal note.

Local Fiscal Impact

N/A

References/Sources

N/A

Agency Contact: Tammy Pust

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HF606 - 0 - "Abortion Fac Licensure Requirement"

Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/23/2015**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	22	42	22	42	
Total	-	22	42	22	42	
Biennial Total			64		64	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	.32	.32	.32	.32
Total	-	.32	.32	.32	.32

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 3/20/2015 10:38:03 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
State Government Special Rev	-	22	42	22	42	42
Total	-	22	42	22	42	42
Biennial Total			64			64
1 - Expenditures, Absorbed Costs*, Transfers Out*						
State Government Special Rev	-	41	61	41	61	61
Total	-	41	61	41	61	61
Biennial Total			102			102
2 - Revenues, Transfers In*						
State Government Special Rev	-	19	19	19	19	19
Total	-	19	19	19	19	19
Biennial Total			38			38

Bill Description

Section 1, Subd. 1(a) requires the Commissioner of Health to license all clinics, health centers or other facilities that provide 10 or more abortions per month. These clinics, health centers and facilities are subject to the licensure requirements of Minnesota Rules, chapter 4675. A facility licensed as a hospital or outpatient surgical center, pursuant to Minnesota Statutes, section 144.55, is not required to obtain a separate license, but such facility may be subject to inspections and investigations as permitted under subdivision 2.

Section 1, Subd. 1(b) establishes that operating a facility described in this section without obtaining a license is a misdemeanor punishable by a fine of not more than \$300. It authorizes the commissioner of health, attorney general, a county attorney or a woman upon whom an abortion has been performed to seek an injunction in district court against the continuing operation of the facility. Subdivision 1(c) states that sanctions provided in this section do not restrict other available sanctions.

Section 1, Subd. 2 requires the Department of Health (MDH) to perform routine and comprehensive inspections and investigations of the affected clinics, health facilities and hospitals no more than two times per year. It requires affected facilities to be open at all reasonable times for the inspections, and allows MDH to conduct inspections without notice.

Section 1, Subd. 3 authorizes MDH to collect a licensure fee of \$3,712 per year from facilities licensed under the legislation.

Section 1, Subd. 4 allows MDH to refuse to grant or renew, or suspend or revoke, a license under certain circumstances.

Section 1, Subd. 5 permits a licensee to be granted a hearing prior to any suspension, revocation or refusal to renew a license.

Section 1, Subd. 6 declares that this section is severable in the event that any portion of it is found to be unconstitutional.

Section 2 appropriates \$63,000 from the State Government Special Revenue Fund in FY 2016 for licensing activities under the legislation.

Assumptions

- According to the Departments Induced Abortions in Minnesota: January - December 2013: Report to the Legislature

(July 20, 2014), five clinics, health centers or other facilities provided 10 or more abortions per month in calendar year 2013, the most recent reporting period. On this basis, it is assumed that the Department would regulate five clinics, health centers or other facilities.

- Since all five of these facilities are not currently licensed under Minnesota Rules, chapter 4675, it is assumed that each of these five providers would pay the annual license fee.
- It is assumed that the initial licensure activities would take an average of 24 hours of staff time per licensee, as this is the average for ambulatory surgical centers overseen by MDH.
- It is assumed that the Department would, on average, conduct one inspection per year of each licensed clinic, health center or other facility that performs abortions. Based on our experience conducting inspections of ambulatory surgical centers, we assume that each inspection would take an average of 73 hours, and would require an additional 10 hours per inspection of plan review and on-site inspection by engineers and the Fire Marshal.
- Based on the averages for ambulatory surgical centers overseen by the Department, it is assumed that the Department would conduct one complaint investigation per licensee per year, and that each investigation would take an average of 26 hours of staff time.
- The bill limits the number of inspections and investigations to two per year. It is assumed that MDH would not conduct any follow-up inspections or more than one investigation per year.
- Based on these assumptions, this ongoing regulatory activity would require .32 FTE per year.
- The bill appropriates \$63,000 for this activity. Currently five facilities are operating in the state with more than 10 abortions per year. The Department estimates \$41,000 is needed annually to regulate five facilities, with an additional \$20,000 needed every other year for the cost of administrative hearings. It is assumed that the costs of regulating these facilities would be ongoing and are shown in this fiscal note as such.
- It is assumed that there will be one appeals hearing every two year with the Office of Administrative Hearings (OAH). OAH will bill MDH for the cost of the hearing. The hearings will cost approximately \$20,000. For the purpose of this fiscal note, we assume the hearing costs are incurred in FY 2017 and FY 2019.
- Revenues are from license fees. State law requires that fees be set at a rate that neither significantly over-recovers or under-recovers costs in providing a service. HF606 establishes a fee of \$3,712, which is estimated to cover less than half the cost of regulatory services. Initial and renewal license fees of \$10,200 per licensee would generate sufficient revenue to cover ongoing operating costs.

Expenditure and/or Revenue Formula

EXPENDITURES	SFY15	SFY16	SFY17	SFY18	SFY19
Salary and Fringe Benefits	0	31	31	31	31
Other Operating Costs	0	2	22	2	22

EXPENDITURES	SFY15	SFY16	SFY17	SFY18	SFY19
Grants	0	0	0	0	0
Administrative Services	0	0	0	0	0
OR Indirect Cost	0	8	8	8	8
TOTAL EXPENSES	0	41	61	41	61

As prescribed in Section 1, Subd. 3, of the bill, the five facilities would each pay \$3,712 per year, totaling \$18,560 in annual revenue. This would leave an annual deficit of \$32,440. Assuming five facilities, the annual licensure fee would need to be \$10,200 per facility per year in order for revenue to equal the estimated expenditures.

REVENUE	SFY15	SFY16	SFY17	SFY18	SFY19
Units (Facilities)	0	5	5	5	5
Fees	0	3.7	3.7	3.7	3.7
TOTAL REVENUE	0	19	19	19	19

Long-Term Fiscal Considerations

None

Local Fiscal Impact

References/Sources

Induced Abortions in Minnesota: January - December 2013: Report to the Legislature (July 20, 2014)

Division Contact Name: Carol Becker 651-201-3705

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HF606 - 0 - "Abortion Fac Licensure Requirement"

Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/23/2015**
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF 606-0 requires the Commissioner of Health to license all clinics, health centers or other facilities that provide 10 or more abortions per months.

Operation of a facility described in the bill without obtaining a license is a misdemeanor punishable by a fine of not more than \$300. The bill also authorizes the Commissioner of Health,

Attorney general, a county attorney or a woman upon whom an abortion has been performed to seek an injunction in district court against the continuing operation of the facility.

The bill also requires the Department of Health to perform inspections and investigations of the affected clinics, health facilities and hospitals.

Assumptions

The Department of Health's Induced Abortions in Minnesota, January - December 2013: Report to the Legislature lists five clinics, health centers or other facilities where abortions were performed in 2013.

It is assumed that the five clinics, health centers or other facilities would be licensed by the Department of Health. The Department of Health estimates that one inspection and one complaint investigation will be conducted on each clinic per year. It is assumed that since the clinics are licensed, they will be able to conduct 10 or more abortions per month and would not be subject to the misdemeanor penalty provision in this bill.

It is assumed that the only facilities operating in Minnesota are those included in the Department of Health Annual Report to the Legislature. If a facility opens in the future and violates this statute the number of cases would be minimal and would have no measurable impact on the Judicial Branch. The \$300 misdemeanor fine would need to be imposed on a frequent basis to have a demonstrated revenue impact on state and local government.

Expenditure and/or Revenue Formula

The bill will have no measurable fiscal impact on the Judicial Branch.

The bill will have no measurable revenue impact on state and local government.

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

Induced Abortions in Minnesota, January December 2013: Report to the Legislature (Minnesota Department of Health, July 2014)

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