

**STATEMENT OF NEED AND FISCAL IMPACT**

A Notice of Proposed Rulemaking Hearing or a Notice of Proposed Rulemaking accompanies this form.

Department of Human Services, Public Health Division

Chapter 333

Agency and Division

Administrative Rules Chapter Number

Increase of the Construction Project Review Fees Charged by the Facilities Planning & Safety Program

Rule Caption

In the Matter of: Amending OAR 333-675-0050 and Table 1 to raise construction project review fees and to update references to other materials in the rule text.

Statutory Authority: ORS 410.070, 441.060, & 443.450

Other Authority:

Stats. Implemented: ORS 441.060

Need for the Rule(s): The application fees currently charged by Facilities Planning & Safety are inadequate to support operation of the program. In addition, the reference to the Dodge Research Report, "Hospital/Health Care Building Costs" is obsolete and needs to be updated.

Documents Relied Upon, and where they are available: International Code Council, Building Valuation Data, <http://www.iccsafe.org/cs/techservices/>

Fiscal and Economic Impact:

This rule amendment will have a fiscal and economic impact predominantly on the public sector. The largest categories of facilities to be impacted are hospitals, ambulatory surgical centers, dialysis facilities, and other health care facilities. Applicants may attempt to pass these increases onto consumers of health care. Given the enormity of health care revenues and expenditures, the additional amount that any individual member of the public would pay resulting from this fee change would be negligible.

The purpose for the fee increase is to maintain the Facilities Planning & Safety program as self supporting. The fee table currently used (OAR 333-675-0050 Table 1) has not changed since 1991. In those seventeen years, costs to operate the program have increased significantly. As construction costs have increased, so has the revenue which has supported the program for the past decade. Unfortunately, Facilities Planning & Safety has reached the point that construction inflation is insufficient to match rising operational costs. The time has come for a general fee increase. The fee increase will broaden the current table and even the fee distribution to include projects that exceed \$40 million. As it currently stands, the fees for a \$40 million project are the same as for a \$400 million project even though the larger project may span five to seven years of staff involvement before final completion. The Department anticipates this fee change will cover operating costs at least until the year 2013.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

State agencies that will be affected by the proposed fee increase are: Department of Human Services (DHS), Addictions and Mental Health Services since they operate several Oregon State Hospital campuses as licensed healthcare facilities. However, the new hospital planned in Salem has been submitted and will not be subject to this proposal. All future Oregon State Hospital projects would be subject to the proposed fee increase.

DHS Seniors and People with Disabilities (SPD) would not be impacted directly by this proposal but the healthcare facilities that the program licenses would be impacted. SPD currently licenses 205 assisted living facilities, 228 residential care facilities, and 142 nursing homes.

To the best of our knowledge there are currently no licensed healthcare facilities owned or operated by local government entities (county or city).

The vast majority of Facility Planning & Safety applicants are from the public sector. This includes all entities applying for, or maintaining, state licensure of healthcare facilities. The facility types include, but are not limited to: new hospitals (63 licensed in Oregon), renovations to hospitals, special inpatient care facilities with inpatient beds (4 licensed in Oregon), freestanding birthing centers (9 licensed in Oregon), freestanding hospice facilities (3 of the special inpatient care facilities are hospices licensed in Oregon), dialysis facilities (52 licensed in Oregon), ambulatory surgical centers (80 licensed in Oregon), assisted living facilities, residential care facilities and nursing homes.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small businesses and types of business and industries with small businesses subject to the rule:

ORS 183.310(10) defines small businesses as, "A corporation, partnership, sole proprietorship or other legal entity formed for the purpose of making a profit, which is independently owned and operated from all other businesses and which has 50 or fewer employees." Through research conducted by the State of Oregon Certificate of Need Program, Facilities Planning & Safety has determined for hospitals and nursing homes that there is one freestanding hospice facility and seven nursing facilities that would qualify for small business status.

Using similar measurement criteria as the Certificate of Need Program, Facilities Planning & Safety has determined there are approximately 11 assisted living facilities, and 66 residential care facilities that could possibly qualify for small business status.

Facilities Planning & Safety estimates all nine of the freestanding birthing centers are considered small businesses. Due to the nature of the ambulatory surgical centers and dialysis facilities, Facilities Planning & Safety estimates one-third of businesses in each category could possibly qualify for small business status, therefore 18 dialysis facilities and 27 ambulatory surgical centers.

The estimate total for existing licensed facilities that could possibly be considered small businesses is 139. Approximately 17.7 percent of the health care facilities that Seniors & People with Disabilities and Health Care Licensure & Certification license could be considered small businesses.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

Presently, there is a fee for plan review and inspection services; therefore Facilities Planning & Safety does not anticipate additional administrative activities would be required by the applicants to increase the current fees.

c. Equipment, supplies, labor and increased administration required for compliance:

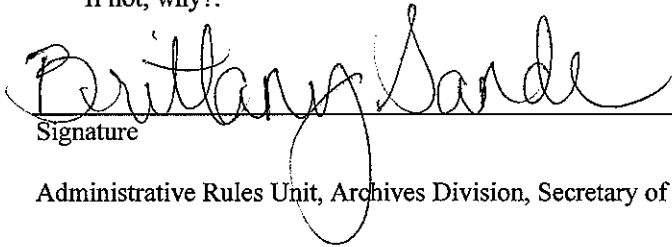
Presently, there is a fee for plan review and inspection services; therefore Facilities Planning & Safety does not anticipate additional equipment, supplies or labor and administration would be required by the applicants to increase the current fees.

How were small businesses involved in the development of this rule?

Facilities Planning & Safety has an advisory committee to represent private and governmental entities. The specific organizations embodied are: State of Oregon Health Care Licensure & Certification, Certificate of Need Program, Office of Community Health and Health Planning, Seniors and People with Disabilities, Oregon Association of Hospitals & Health Care, Oregon Society of Health Care Engineers, Oregon Alliance of Senior and Health Services, Architecture for Health Panel, several independent hospital corporations from different regions within the state, and independent architects. We have consulted the Committee and received general approval to increase the fees on the current table.

Administrative Rule Advisory Committee consulted?: Yes. The Facilities Planning & Safety advisory committee has been consulted and concluded the fees should be increased.

If not, why?:



Signature

Brittany Sande, PHD Rules Coordinator

Printed name

9/15/08

Date

Administrative Rules Unit, Archives Division, Secretary of State, 800 Summer Street NE, Salem, Oregon 97310. ARC 925-2007