

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6965**

**BILL NUMBER: SB 236**

**NOTE PREPARED: Dec 30, 2003**

**BILL AMENDED:**

**SUBJECT:** Home Medical Equipment Services Provider Licensing.

**FIRST AUTHOR:** Sen. Dillon

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:  GENERAL  
 DEDICATED  
 FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill requires a home medical equipment services provider to be licensed by the Board of Pharmacy. It authorizes the Board to conduct inspections, issue licenses, discipline providers for violations, and adopt rules to: (1) specify the equipment to be regulated; (2) set standards for the licensure of services providers; (3) govern the safety and quality of services that are provided; (4) recognize certain accredited individuals for the purpose of issuing a temporary license; and (5) set reasonable fees for the application, issuance, and renewal of a license.

**Effective Date:** July 1, 2004.

**Summary of Net State Impact:** The minimum fiscal impact of this bill on the Health Professions Bureau is an increase in expenditures of \$96,300 in FY 2005 and \$94,300 in FY 2006 for initial start-up costs but could increase depending on the number of providers licensed. Revenue that would be generated from a licensing fee would off set a portion of these expenditures.

**Explanation of State Expenditures:** This bill establishes licensure of home medical equipment services providers (providers). The fiscal impact of this bill on the Health Professions Bureau is dependent on the cost of additional board meetings, license issuance, and additional staff that are required to be employed to investigate complaints and conduct inspections of home medical equipment services providers.

*Licensing* - The seven-member Board of Pharmacy would be responsible for overseeing the licensing process, establishing fees and continuing education requirements, recognizing accreditation bodies, and governing the safety and quality of home medical equipment services. According to HPB, the Board would need to meet three additional times to fulfill the provisions of this bill. The estimated cost of travel and per diem for three

additional meetings would be approximately \$1,600. HPB estimated, in 2002, the annual costs of producing and issuing a license, including: postage, printing, telephone, and supplies, would be about \$9,000.

*Inspections* - To start up the inspection process, HPB would require additional staff to conduct inspections. If one field inspector (PAT III) is needed to conduct inspections and another position (PAT V) is needed to coordinate the inspections, the additional expenditures for the above-listed positions would be \$85,700 in FY 2005 and \$85,300 in FY 2006. Additional field inspectors may be needed, depending on the number of entities who are subject to inspections. Each additional field inspector position costs \$46,300 in FY 2005 and \$46,200 in FY 2006. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 2003, HPB had 2 vacancies, one COMOT3 and one PATI position. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

According to HPB, field communications equipment would also be needed for conducting inspections. The estimated annual costs for one inspector, in 2002, included: cell and pager, \$720; portable computer, \$1,170; and mobile Internet connection, \$420. HPB estimated the field inspector would cover approximately 40,000 miles each year, costing \$11,200 at \$0.28 per mile for one inspector. The total annual field work cost, not including staff, was estimated to be \$13,503.

The total expenditures for the Board meetings, providing the license, and two additional staff *initially* are \$96,300 in FY 2005 and \$94,300 in FY 2006. Staff cost could increase depending on the number of inspections needed.

**Explanation of State Revenues:** *Licensing* - Presumably, fees will be set at a level designed to cover expenses. The amount of revenue that will be generated by this proposal will depend on the number of providers who seek licensure. The Association of Indiana Home Medical Equipment Services estimates there are approximately 400 providers who would be subject to licensure under this bill. If 400 providers pay a license fee in an amount to cover the expenses listed above, the cost per license would be \$240, or \$356 if an additional field inspector was needed.

*Penalty Provision* - This bill provides that if a person engages in the business of home medical equipment services and knowingly provides the services without a license issued according to this bill, commits a Class A misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

**Explanation of Local Expenditures:** *Penalty Provision* - A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** *Penalty Provision* - If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining

a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Health Professions Bureau.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Matt Hopper, Health Professions Bureau, (317) 234-1985; Jean MacDonald, Association of Indiana Home Medical Equipment Services, (317) 844-6630.

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