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FISCAL IMPACT STATEMENT

LS 6112
BILL NUMBER: HB 1315

NOTE PREPARED: Jan 25, 2006
BILL AMENDED: Jan 24, 2006

SUBJECT: Sprinkler Systems in Nursing Homes.

FIRST AUTHOR: Rep. Thompson
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires certain health facilities to have automatic fire sprinkler systems before July 1, 2011. The bill provides that if a system is not installed before July 1, 2009, a plan for completion must be submitted to the Health Facilities Council. The bill also requires the Department of Health to implement disclosure guidelines for health facilities concerning automatic fire sprinkler systems and smoke detectors. (The introduced version of this bill was prepared by the Interim Study Committee on Fire Safety Issues.)

Effective Date: Upon passage; July 1, 2006.

Explanation of State Expenditures: (Revised) *Indiana Veterans' Home:* The facilities of the Indiana Veterans' Home are partially sprinklered. Depending on actions taken by the Department of Health with regard to certifying the Veterans' Home for participation in the Medicare and Medicaid programs, this bill could require the Veterans' Home to be fully sprinklered by July 1, 2011. The cost of implementing the facility upgrades is estimated to be \$775,000. Funding would be dependent upon actions to be taken by the General Assembly for one of the next two biennial budgets (FY 2008 -FY 2009 or FY 2010 - FY 2011).

Background Information on the Indiana Veterans' Home: The Veterans' Home is licensed by the Department of Health. Currently, the licensure status of the Veterans' Home is optional; state- or county-owned long-term care facilities are not required to be licensed under state law. The facility is not certified for Medicare or Medicaid at this time. If the Department does not certify the Veterans' Home, the state licensure could be allowed to expire and the provisions of the bill would then not apply. However, the Department is in the process of obtaining certification as authorized in PL 224-2003. Certification rules for Medicare and Medicaid require

that the facility be licensed. Therefore, if the state certifies the Veterans' Home to participate in the Medicare and Medicaid programs, this statutory provision would require that the state fully sprinkler the Indiana Veterans' Home.

General Background Information: The bill would require facilities, not currently under a requirement to do so, to have automatic fire sprinkler systems installed throughout the facility by July 1, 2011. Current building requirements for nursing facilities require automatic fire sprinkler systems, so new construction would not be affected. The State Department of Health reports that of 516 certified comprehensive care facilities in the state, there are currently 14 health facilities in Indiana that do not have automatic fire sprinkler systems. An additional 12 facilities are reported to be partially protected by sprinkler systems.

Comprehensive care units reported as partially sprinklered that are located in hospitals and licensed as hospital beds are not affected by the provisions of the bill. A freestanding comprehensive care facility that is owned by a hospital but licensed as a nursing facility would be required to comply with the provisions of the bill. There are five long-term care units that appear to be located in hospital facilities that are reported to be partially sprinklered.

The State Department of Health reports that facilities are currently required to meet the standards that were in place when they were initially constructed or certified. Additionally, the Centers for Medicare and Medicaid Services (CMS) requirements have recently been revised to require that nursing facilities install battery-operated smoke detectors in resident rooms and public areas if they do not have an automatic sprinkler system or a hard-wired smoke detection system in those areas.

Explanation of State Revenues:

Explanation of Local Expenditures: Nursing facilities that are partially sprinklered or not sprinklered that are owned and operated by local units of government would be required to install sprinkler systems. Of the facilities currently listed as being affected by the provisions of the bill, none are believed to be owned by local units of government.

Explanation of Local Revenues:

State Agencies Affected: Indiana Veterans' Home; Indiana State Department of Health; Office of Medicaid Policy and Planning of the Family and Social Services Administration.

Local Agencies Affected:

Information Sources: State Department of Health.

Fiscal Analyst: Kathy Norris, 317-234-1360.