

## STATE LOOKS TO INCREASE HEALTH CARE FACILITY LICENSING FEES

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MARCH 18, 2009

The legislature has begun reviewing a proposal made by the executive branch to significantly raise the licensing fees which must be paid by health care facilities. By way of example, the State is looking to increase by 1980% the annual licensing fees for hospitals and nursing homes from \$2.50/bed to \$52/bed.

The proposal is being considered as an amendment to HB 638 (a tobacco bill now in the House Ways & Means Committee) and also as a part of HB 2 (the budget trailer bill, now before the House Finance Committee). It appears that this initiative has been brought forward at the request of the Governor's Office in an effort to fully fund the regulatory obligations of DHHS out of the licensing fees.

A decision on whether this idea will fly will be made by the House around the beginning of April. Not surprisingly, the measure has attracted the attention of the various organizations representing the State's health care providers, many of whom are now already engaged in the state budget process seeking changes in what they believe to be the State's insufficient Medicaid reimbursements to the providers.

### **State Makes Play For JUA Funds**

Also on the state budget front, the Governor announced in his budget address on February 12th that he would seek to balance the FY 09 state budget in part through the use of funds currently held by the New Hampshire Medical Malpractice Joint Underwriting Association (JUA). The JUA reportedly has a 2008 surplus from written premiums and investment income which is estimated to be between \$145 million and \$160 million. The Governor has been advised that between \$60 million and \$120 million can be withdrawn without placing the JUA at any significant financial risk.

This proposal, which is also found in HB 2, would transfer \$50,000 to the state's general fund by June 30, 2009, \$30,000,000 by June 30, 2010,

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and \$30,000,000 by June 30, 2011. The bill provides that these funds are to be used to “support programs that promote access to needed health care for underserved persons.”

A confrontation is shaping up over the advisability of (or even the legal authority for) such a transfer. It looks like the State will be contending that neither the JUA nor individual healthcare providers will have the legal standing to raise any objections to such a transfer. Early indications are that the brunt of this initiative falls on physicians’ practices, and so the New Hampshire Medical Society has been actively organizing the response to this proposal.

The first test will come when the House Finance Committee votes on HB 2 on March 31. Since this is a budget bill, however, you can expect that the final resolution of this controversy will not happen until the end of June, when the House and Senate finalize the components of the 2010-2011 state budget.

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