



**152nd GENERAL ASSEMBLY
FISCAL NOTE**

BILL: HOUSE SUBSTITUTE NO. 1 FOR HOUSE BILL NO. 350
SPONSOR: Representative Longhurst
DESCRIPTION: AN ACT TO AMEND TITLE 16 OF THE DELAWARE CODE RELATING TO HOSPITAL COSTS.

Assumptions:

1. This Act becomes effective upon signature by the Governor; hospital budget reviews would commence in 2025 for the calendar year 2026 hospital budgets.
2. This Act creates the Diamond State Hospital Cost Review Board to be housed within the Department of Health and Social Services (DHSS). The Board will be responsible for the review and approval of annual budgets of statewide hospitals. There are presently six hospital systems throughout the State of Delaware included in this Act.
3. The DHSS estimates an ongoing cost of \$500,000 for contractual support to facilitate the review of hospital budgets, including, but not limited to, financial information, scope and volume of services, utilization information, proposed hospital services and programming, projected capital plans, contract information, and audited financial documents. The contracted services will provide subject matter expertise with regard to business acumen and fiscal operations of the healthcare industry.
4. The DHSS will also require 2.0 FTE Fiscal and Policy Analysts to provide support to the Board and overall program facilitation. Costs associated with these positions includes:
 - a. Salary, other employment costs (OECs) at a rate of 32.94%, and Health Insurance (annualized): \$201,210
 - b. One-time startup costs of \$2,800, including computers, equipment, etc.
 - c. Ongoing costs of \$2,300, including network costs and supplies.
5. The Fiscal Year 2025 costs include personnel costs for nine months of funding. Funding in subsequent years for these positions is annualized and includes an assumed 2% increase in salary, OECs, and health insurance expenses annually.

Cost:

	<u>Operating/Recurring</u>	<u>One-Time</u>	<u>Total Costs</u>
Fiscal Year 2025:	\$654,682	\$2,800	\$657,482
Fiscal Year 2026:	\$707,534	\$0	\$707,534
Fiscal Year 2027:	\$711,639	\$0	\$711,639

Prepared by Victoria Brennan
Office of the Controller General