



**152nd GENERAL ASSEMBLY
FISCAL NOTE**

BILL:	HOUSE SUBSTITUTE NO. 2 FOR HOUSE BILL NO. 350
AS AMENDED BY:	HOUSE AMENDMENT 1
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 Diamond State Hospital Cost Review Board will be comprised of eight members; seven members will be appointed by the Governor, and subsequently confirmed by a majority of the members elected to the Senate, and the President and Chief Executive Officer of the Delaware Healthcare Association. All appointed members of the Board must possess knowledge of health care policy, health care delivery, business, finance, or accounting and must maintain impartiality.
4. The members of the Board appointed by the Governor shall receive a monthly salary determined by the General Assembly. For this analysis, average salary costs are assumed to be similar to those of other existing state boards and commissions.
 - a. Total board member salary costs are projected at \$272,900, including other employment costs (OECs) at a rate of 9.16%.
 - i. The board members appointed by the Governor are assumed to receive an annual salary of \$35,000.
 - ii. The Chair of the Board appointed by the Governor is assumed to receive an annual salary of \$40,000.
5. 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.
6. 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, 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.

7. 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:	\$925,533	\$2,800	\$928,333
Fiscal Year 2026:	\$980,434	\$0	\$980,434
Fiscal Year 2027:	\$984,539	\$0	\$984,539

Prepared by Victoria Brennan
Office of the Controller General