

CONCISE SUMMARY OF ECONOMIC IMPACT STATEMENT

STATE OF MISSISSIPPI MS State Department of Health

MS State Department of Health
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Specific Legal Authority Authorizing the promulgation of
Rule: Mississippi Code Section 41-7-185

Reference to Rules repealed, amended or suspended by the
Proposed Rule: Mississippi Department of Health –
Certificate of Need Manual (May 13, 2000)

An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Law. This is a Concise Summary of the Economic Impact Statement which must be filed with the Notice of Proposed Rule Adoption in the Secretary of State's Office. The full text of the Economic Impact Statement may be obtained from the agency contact person at the above address.

Persons may present their views by submitting written comments on the proposed rule adoption to the agency contact person at the above address. Additional information on where, when and how persons may present their views or demand an oral proceeding on the proposed rule are included in the Notice of Proposed Rule Adoption to which this is attached.

a. Description of the need for and the benefits of the proposed rule: The purpose of the proposed rule changes in terms of the changes to the fees charged in the Mississippi Department of Health administering the Certificate of Need program [Mississippi Code Sections 41-7-173 through 41-7-209] is to have the program resume its past status of being sustaining through fee based revenue. The projected changes in the fee schedule charged by the program, including new fees, is proposed to balance the costs of administering the program with the revenue generated by the amended and new fees charged by the program.

b. Cost estimate to the agency and other state or local government entities: None.

c. Estimate of the cost or economic benefit to all persons: The proposed fee increase in aggregate is estimated to generate additional revenue for the certificate of need program in the amount of \$260,313 and such fees will be a cost to those persons and entities making filings with the Department under the certificate of need program.

d. Analysis of the impact on small business: The impact on small business will be a minor cost in certificate of need program fees since the majority of the fee increase is factored into the capital cost of a proposed project as a percentage and therefore the department does not anticipate the higher ranges or the maximum fee increases to impact such projects proposed by small business.

e. Comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the rule: The department compared the costs of administering the certificate of need program against recent historical revenue from current fee structure of the certificate of need program to conclude that the program's operating costs exceed revenue. Using this historical data, the department projected future operating costs against various revenue models and concluded that the proposed fee schedule was the most equitable method to achieve balanced fiscal operations (where program operating costs equal program fee generated revenue).

f. Determination as to whether less costly or less intrusive methods exist to achieve the purpose of the rule: The department analyzed the certificate of need program in terms of fees charged, and considered formulas in other states with similar certificate of need programs to formulate the proposed fee schedule to generate the projected revenue to meet program operational costs in the most equitable manner using revenue projections and operation costs models based on historical filings with the program, staff resources allocated to processing requests, and related overhead costs. The department determined no less costly method to generate revenue to cover program costs.

g. Description of reasonable alternative methods and reasons for rejection of the alternative methods: The department considered various fee formulas and assessment methodologies of similar programs administered in other states to develop a reasonable fee threshold that would generate sufficient revenue to cover program costs. The department concluded that the proposed fee changes were the most logical and reasonable in achieving fiscal balance and minimizing the impact to the public.

f. Data and methodology in making the estimates in the economic impact statement: The department used actual historical program data based on filings, and operations to make projected forecasts to fiscal results.

Date Rule Proposed: June 15, 2006

Proposed Effective Date of Rule: August 12, 2006

Sam Dawkins, Director of Office of Health Policy and Planning
Printed Name/Title of Person Submitting Rule for Filing

Signature