

## Ambulatory Surgical Facilities Staffing Model

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April 14, 2011, Substitute House Bill (SHB) 1575 passed the legislature modifying the ASF licensing law changing the ASF definition resulting in more types of facilities needing to be licensed as ASF.

May 25, 2011, the legislature passed a budget bill (2ESHB 1087) authorizing the department to increase fees that would generate additional revenue up to \$3,244,000 based on 300 facilities.

### **The fee amount and estimated revenue takes into consideration the following assumptions:**

- Initial estimates for cost to operate the ASF licensing program fell short of program needs.
- The number of licensees in the first full year is expected to be 300.
- All 300 facilities are statutorily required to be inspected once every 18 months, requiring 600 inspections in three years.
- In total, 200 licensed ASF inspections are required to be conducted per year by the state or accrediting organization.
- Based on an analysis of current and previously licensed facilities, 181 surveys per year will be conducted by program staff:
  - 60 facilities will be exempt from the first 18-month inspection because they will meet an exemption included in the new law (SHB 1575).
  - 86 ASF facilities are certified by other accrediting organizations which conduct one of the two inspections required. Of these, one inspection in the three year period is required to be conducted by the department. 67 of the 86 facilities are Medicare.
  - 406 inspections are fully state funded; another 108 are 40% state funded (federal funding covers 60% of 108 inspections) because they are Medicare certified facilities.
- Experience has shown that it takes about 80 staff hours to complete an ASF inspection based on all work associated with inspections.
  - Each NCI and 0.22 PHA staff can accomplish 25 inspections and associated complaint investigations per year.
  - The 80 hours of staff time includes travel, inspection or investigation process, follow-up inspections, consultation, and report time.
- Other costs the ASF program is likely to incur include training, other travel, and litigation.
- Enforcement activities are estimated at 3% of the ASFs or about 10 facilities per year based on other licensed facilities.

### **Projected Program Revenue Needed to Fully Fund Program**

The staff resources needed for the fully funded program is 10.53 FTEs per year and a one year operating cost of \$1,574,000. The anticipated federal funding from Medicare Title 18 of \$254,000 is deducted from the fees, resulting in an operating cost in state dollars of \$1,320,000 per year or \$3,960,000 for three years.

- 10.53 FTEs are needed to run the program (7.0 NCIs, 1.5 Public Health Advisors (PHA), and 2.03 support services).

The fee based on these assumptions would be about \$13,200 for a three-year ASF license or \$4,400 per year.

The following table shows the expenditures associated with a fully funded ASF program given the above assumptions.

**Fully Funded ASF Program – Projected Federal and State Expenditures**

Expense Category	Projected 1-Year Expenses	Projected 3-Year Expenses
Salaries & Benefits	\$1,079,000	\$3,237,000
Goods & Services	\$172,000	\$516,000
Indirect costs	\$323,000	\$969,000
Subtotal Program Costs	\$1,574,000	\$4,722,000
Medicare Title 18 Funding	\$(254,000)	\$(762,000)
Total State Costs	\$1,320,000	\$3,960,000

We are proposing a phased in fee increase to test our assumptions and identify potential efficiencies.

**Projected Phased Program Expenditures**

The staff resources needed for the phased approach is 8.2 FTEs per year and a one year operating cost of \$1,259,000. The anticipated federal funding from Medicare Title 18 of \$254,000 is deducted from the fee revenue, resulting in an operating cost in state dollars of \$1,005,000 per year or \$3,015,000 for three years.

- o 8.2 FTEs are needed to run the program (5.0 NCIs, 1.5 Public Health Advisors (PHA), and 1.7 support services). This assumes 36 surveys per NCI per year.

The fee based on the phased program approach is \$10,800 for a three-year ASF license or \$3,600 per year.

The following tables show the expenditures associated with the ASF program for a phased approach.

**Initial ASF Program Funding – Projected Federal and State Expenditures**

Expense Category	Projected 1-Year Expenses	Projected 3-Year Expenses
Salaries & Benefits	\$853,000	\$2,559,000
Goods & Services	\$147,000	\$441,000
Indirect costs	\$259,000	\$777,000
Subtotal Program Costs	\$1,259,000	\$3,777,000
Medicare Title 18 Funding	\$(254,000)	\$(762,000)
Total State Costs	\$1,005,000	\$3,015,000

The following table shows the survey schedule needed to accomplish the required surveys based on the above assumptions.

### Survey Frequency Assumptions

Survey Category	Facilities	Surveys in 3-yrs	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yrs 4-6 Totals
Renewal, Non-MC Accredited	3	3	1	1	1	1	1	1	1	3
Renewal, Non-MC Non-Accredited	18	36	12	12	12	12	12	12	12	36
Renewal, MC, Non-Accredited	68	136	44	46	46	44	46	46	44	136
Renewal, MC - Accredited	61	61	20	20	21	20	20	21	20	61
Refund, MC, Non-Accredited	40	80	0	26	28	26	26	28	26	80
Refund, MC - Accredited	6	6	0	3	3	2	2	2	2	6
Refund, Non-MC, Accredited	2	2	0	1	1	0	1	1	0	2
Refund, Non-MC, Non-Accredited	12	24	0	4	8	8	8	8	8	24
New, Accredited	14	14	4	5	5	4	5	5	4	14
New, Non-Accredited	76	152	50	51	51	50	51	51	50	152
Total Facilities/Subtotal Surveys	300	514	131	169	176	167	172	175	167	514
Enforcements per year avg.	10	30	10	10	10	10	10	10	10	30
Total Surveys & Investigations	310	544	141	179	186	177	182	185	177	544

### Current and Proposed ASF Licensing Fee Schedules

The following tables show the current licensing fee schedule and the proposed licensing fee schedule to support the phased approach.

**Current Ambulatory Surgical Facilities Licensing Fee Table (WAC 246-330-199)**

Fee Type		Fee
Initial license fee		\$200
Change of Ownership		\$250
Late Fee Per Day	\$25	(\$500 max)
	Initial Inspection Fee	Renewal License Fee
Less than 1,000 Annual Patient Visits	\$1,200	\$1,300
1,000-5,000 Annual Patient Visits	\$1,600	\$1,700
More than 5,000 Annual Patient Visits	\$2,200	\$2,300

**Proposed Ambulatory Surgical Facilities Licensing Fee Table (WAC 246-330-199)**

Fee Type	Fee
Initial and Renewal License (every 3 years)	\$10,800
Change of Ownership	\$500
Late Fee Per Day	\$50 (\$1,000 max)