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FISCAL IMPACT REPORT

SPONSOR: Campos DATE TYPED: 3/11/03 HB _____

SHORT TITLE: Purchase Los Amigos Nursing Home SB 732

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$2,600.0				Non-Recurring	GF
\$7,800.0				Recurring	GF

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with: HB 288 / SB 319/ SJM 61

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
General Services Department (GSD)

SUMMARY

Synopsis of Bill

Senate Bill 732 provides for an appropriation of \$10,400,000 to the Department of Health (DOH) for the State's purchase of the Los Amigos nursing home in Santa Rosa, and for its use as an in-patient, medical, detoxification and substance abuse treatment center. This bill contains an emergency clause.

Significant Issues

The Los Amigos Center is currently under state (DOH) management (receivership) because of financial difficulties. Receivership is required under state law when the health and safety of nursing home residents is at risk. The state's purchase of the facility would maintain needed services in the Santa Rosa area and prevent a new facility from becoming vacant. There are issues around

changing the focus of the Los Amigos Center from a nursing facility to a substance abuse treatment center. Staffing issues are not addressed in SB 732.

The Property Control Division (PCD) of the General Services Department (GSD) would handle acquisition of the property and hold title. DOH would operate the facility. The appropriation allows for acquisition, but does not authorize any renovations, repairs, equipment or furniture purchase that might be needed for the facility to be usable. No FTE are authorized for operations.

FISCAL IMPLICATIONS

The appropriation of \$7,800.0 contained in this bill is a recurring expense to the general fund and the appropriation of \$2,600.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 04 shall revert to the general fund.

According to DOH, it would cost an estimated \$8 million to operate Los Amigos as a 60-bed substance abuse facility (operational costs only).

The condition of the building is unknown and it may require repairs or renovation, equipment and furniture, which are not authorized in the bill. There would be long-term repair costs to maintain the facility.

ADMINISTRATIVE IMPLICATIONS

Although this bill provides an appropriation for the DOH to operate the facility as an alcohol and drug abuse treatment center, there is no specific provision for FTEs to the DOH for staffing the facility. This facility may require staffing at approximately the same level as Turquoise Lodge (approximately 60 FTEs), another alcohol and drug abuse treatment facility operated by the Department.

As additional employees hired by the facility are added to DOH, the Department will necessarily be required to take on added administrative support in human resources, accounting, facility management, legal, and information technology.

CONFLICT

This bill conflicts with the maintenance of a receivership at Los Amigos as contemplated in HB 288 / SB 319. SB 732 also conflicts with SJM 61, which would request DOH to conduct a feasibility study on the acquisition and operation of Los Amigos Nursing Home as a veteran's health care and nursing facility.

OTHER SUBSTANTIVE ISSUES

The DOH is authorized in SB 732 to purchase and operate the Los Amigos nursing home in Santa Rosa as an alcohol and drug abuse treatment center. The facility is less than 2 years old, and was constructed as a nursing home - for example, the facility has a locked Alzheimer unit. To convert the facility to an alcohol and drug abuse treatment center may require significant physical remodeling to the structure.

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SB 732 suggests a use for the Los Amigos Nursing Home, which is currently in receivership due to financial difficulties. There have, however, been other suggestions for use of this facility. SJM 61, would request a study on the acquisition and operation of Los Amigos Nursing Home as a veteran's health care and nursing facility, using Veteran's Administration funding and other public and private funds. In addition, Guadalupe County has expressed interest in the purchase of Los Amigos to use in a dual capacity as a general hospital and nursing home.

AMENDMENTS

DOH suggest the following amendments:

On page 1, line 21, after the word "acquire", insert ", and repair, renovate, equip or furnish". On page 2, line 1, after the word "to", insert "equip, furnish and".

BD/njw