GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0535.02 (001): Revise laws related to experimental treatments**

Primary Sponsor: Kenneth Bogner Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	$2,299	$2,299	$2,299	$2,299
State Special Revenue (02)	$13,080	$0	$0	$0
Revenues				
General Fund (01)	$15,000	$5,000	$5,000	$5,000
State Special Revenue (02)	$0	$0	$0	$0
Net Impact	$12,701	$2,701	$2,701	$2,701
General Fund Balance				

Description of fiscal impact

SB 535 revises laws for experimental treatments, provides for licensing of experimental treatment centers, and amends right to try act. The bill defines experimental treatment centers and designates them as a healthcare facility. This would require the Office of Inspector General to develop ARMs, develop an application process, license and regulate these facilities, which would result in operational costs of the department. The bill also requires a $10,000 application fee, and $5,000 annual renewal fee. Amendments to SB 535 do not change the fiscal impact to the Department of Public Health and Human Services, however, the Department of Labor and Industry has identified one-time fiscal impacts associated with registering experimental treatment centers.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (DPHHS/department)

1. The department assumes that the responsibility of licensing inspections will be the sole responsibility of the licensure bureau.
2. The department assumes that each of these inspections would require 2 licensed healthcare facility surveyors for up-to 3 days for a renewal inspection.
3. The Office of Inspector General (OIG) licensure unit currently has 1 registered nurse lead and 1 licensed practical nurse healthcare facility surveyor, with a total combined hourly wage of $67.40. Assuming a 3-day survey, associated personal service costs total $1,617.60 per survey (2 surveyors at $67.40/hour x 3 days).
4. Healthcare facility surveyors are located in Helena, MT. For facilities opening in locations other than Helena, the department assumes lodging for each survey totaling $440 (2 surveyors at $220/night x 2 nights lodging) and per diem for meal allowances totaling $201 (2 surveyors at $67.00/day x 3 days).

5. Each facility's inspection would be conducted up-to 3 months prior to the license expiration date, resulting in operational expenses within that first year of a completed application and licensing.
6. The bill proposes that an initial application fee of $10,000 will be paid by each facility and an annual fee of $5,000. The bill does not set a timeframe for when the application fee must be paid, but a license would not be issued without a completed application.
7. The department assumes net revenue, after deducting operational costs, for each facility in the first year of $12,701.40, and $2,701.40 each subsequent year.
8. While initial setup involving database adjustments and application creation for new facility types will require extra time, the ongoing inspection and licensure processes align with existing procedures, resulting in de minimis expected costs that can be absorbed within current resources.
9. OIG cannot fully quantify the operational impacts due to the unknown number and size of facilities that would apply for licensure. The operational expenses outlined above are an estimation for each facility, and all values are approximations. For the purposes of this analysis, it is assumed that one facility would seek licensure over the forecast period.

Department of Labor and Industry

10. The Department of Labor and Industry (DLI) assumes the addition of a registration will require additional staff resources to maintain including creation of the registry, verifying licensure, and a public facing website for information. DLI can intake the additional registrations with existing resources.
11. The Technology Services Division (TSD) of DLI estimates that it will spend 109 hours to complete the technology implementation. This estimate includes work to complete an analysis, design, develop, script and test. The licensing board will be billed at a rate of $120 per hour for a total expense of $13,080 of state special revenue funds.

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Personal Services	$1,618	$1,618	$1,618	$1,618
Operating Expenses	$13,761	$681	$681	$681
TOTAL Expenditures	**$15,379**	**$2,299**	**$2,299**	**$2,299**
Funding of Expenditures				
General Fund (01)	$2,299	$2,299	$2,299	$2,299
State Special Revenue (02)	$13,080	$0	$0	$0
TOTAL Funding of Expenditures	**$15,379**	**$2,299**	**$2,299**	**$2,299**
Revenues				
General Fund (01)	$15,000	$5,000	$5,000	$5,000
TOTAL Revenues	**$15,000**	**$5,000**	**$5,000**	**$5,000**
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	$12,701	$2,701	$2,701	$2,701
State Special Revenue (02)	($13,080)	$0	$0	$0

Technical Concerns

1. OIG cannot fully quantify the operational impacts due to the unknown number and size of facilities that would apply for licensure. This analysis assumes that one facility would seek licensure over the forecast period, however, to the extent additional treatment centers seek licensure, costs incurred and fees collected will change.

signature
No Sponsor — Sponsor's Initials

4/11 — Date

Budget Director's Initials

4/10/2025 — Date