

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB677

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Watts

3. Committee Health, Welfare and Institutions

4. Title Health; nursing home standards

5. Summary/Purpose: This legislation requires the Board of Health to establish a staffing standard for nursing homes of three and one-half hours of direct care services per resident per 24-hour period. The Board of Health would be required to adopt regulations that define direct care services and procedures for quarterly reporting.

6. Fiscal impact estimates are tentative:

Expenditure Impact: (see Section 8)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$19,451,300	-	GF
2002-03	\$20,050,200	-	NGF
2003-04	\$20,126,869	-	GF
2003-04	\$20,558,131	-	NGF

7. Budget amendment necessary: Yes, Item 325.

8. Fiscal implications:

Virginia Department of Health

The bill would require promulgation of nursing home regulations in FY2003, involving staff time associated with developing the needed regulatory language, as well as staff time and resources associated with public meetings, constituent notification and media advertisement and printing costs. It is not anticipated that this new requirement would significantly impact the cost of conducting biennial on-site licensure inspections.

Department of Medical Assistance Services

According to calendar year 2000 data provided by the Department of Medical Assistance Services' (DMAS) accounting vendor, the average number of nursing hours per patient day for Virginia is 3.3 hours. DMAS maintains that for the state as a whole, 4.2 million hours would have to be added to reach the 3.5 hours per patient day standard that is required by this legislation. The Medicaid share would be 2.9 million hours. This estimate is based on a facility-by-facility analysis of current Medicaid hours billed for direct nursing hours. At a cost of \$13.60 per hour, DMAS estimates the fiscal impact of this bill on Medicaid to be approximately \$39.5 million (\$19.4 million GF) in FY2003 and \$40.7 million (\$20.1 million GF) in FY2004. See attachment one for a summary of calculations.

9. Specific agency or political subdivisions affected:

Virginia Department of Health

Department of Medical Assistance Services

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/24/02/kwm

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cc:Secretary of Health and Human Resources

Department of Medical Assistance Services
Summary of HB677

Calendar Year 2000

Additional hours needed to reach 3.5 **2,904,412**
hours per patient per day
(Medicaid hours billed for direct nursing hours)

Avg Cost per direct care nursing hour **13.6**
(Clifton Gunderson estimate)

FY 2003 Medicaid Cost of Bill **\$39,500,000**
FY 2004 Medicaid Cost of Bill **\$40,685,000**
(Inflated FY 2003 number by 3%)

MEDICAL

Fiscal Year	Dollars	Positions	Fund
2002-03	\$19,449,800	0.0	GF
2002-03	\$20,050,200	0.0	NGF
2003-04	\$20,126,869	0.0	GF
2003-04	\$20,558,131	0.0	NGF

ADMIN

Fiscal Year	Dollars	Positions	Fund
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF

TOTAL

Fiscal Year	Dollars	Positions	Fund
2002-03	\$19,449,800	0.0	GF
2002-03	\$20,050,200	0.0	NGF
2003-04	\$20,126,869	0.0	GF
2003-04	\$20,558,131	0.0	NGF