

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** SB161

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Byrne

3. **Committee** Education and Health

4. **Title** Nursing Facility Staffing Standards

5. Summary/Purpose: This bill requires nursing homes to establish staffing standards as a condition of licensure. The bill would require the Virginia Department of Health (VDH) to amend regulations to require that nursing home facilities maintain certain registered nurse/licensed practitioner nurse) staff to client ratios and certain certified nurse aid to client ratios. The bill also requires that nursing directors and nursing supervisors be registered nurses. Additionally, the bill requires that each facility employ a Director of In-Service Education based upon the number of beds in the facility.

6. **Fiscal impact estimates are preliminary**

Expenditure Impact: (see Section 8)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$94,438,042	-	GF
2002-03	\$97,269,456	-	NGF
2003-04	\$97,353,269	-	GF
2003-04	\$99,353,661	-	NGF

7. **Budget amendment necessary:** Yes, item 335.

8. **Fiscal implications:**

Virginia Department of Health

This legislation would require promulgation of nursing home regulations in fiscal year 2003, 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 (less than \$2,000). It is not anticipated that this new requirement would significantly impact the cost of conducting biennial on-site licensing inspections.

Department of Medical Assistance Services

The Department of Medical Assistance Services (DMAS) asserts that approximately 66 percent of the clients in Virginia's nursing homes are Medicaid recipients. Therefore, if this bill is implemented, DMAS's incurred costs will be approximately 66 percent of the total cost to employ additional nursing directors, nursing supervisors, in-service education directors, registered nurses (RN), licensed practitioner nurses (LPN), and certified nurse aids (CNA) as deemed necessary to fulfill the staffing requirements.

As a condition of licensure, this bill sets six standards that must be met by nursing homes. In response to the first staffing standard, DMA reports that each of the 265 nursing homes has a director of nursing position. Thus, there would be no cost associated with meeting this standard. DMA maintains that the second standard, which entails nursing supervisors on duty at all times (24-hour/7 days a week), would require each nursing home to employ four nursing supervisors. DMA assumes that each nursing home already employs at least two nursing supervisors. Thus, each nursing home will need an additional two supervisors. Given the 265 active nursing homes, DMA estimates that its portion of the cost associated with hiring additional nursing supervisors would be \$17,721,987 each year. DMA reports that the third and fourth staffing standards would not have a fiscal impact since each of the 265 nursing homes already has an assistant director of nursing position. DMA estimates the total cost associated with hiring in-service education directors (standards five and six) is \$3,345,514 annually. This total represents both part-time and full-time in-service education directors as defined by whether a facility has under or over 100 beds.

This bill also lays out staff-to-client ratio requirements. Employment level data analyzed by DMA indicates that current RN/LPN hours almost meet the RN/LPN ratio requirements outlined in this legislation. DMA approximates an additional 184,910 RN/LPN hours are needed to fully meet the bill's requirements. The additional annual cost incurred by the nursing facilities based on FY2000 salary information would range from \$3,370,909 to \$5,101,667, depending on whether the RNs/LPNs are employees or agency personnel.

DMA estimates that an additional 18,270,043 CNA hours are needed to meet this bill's requirements. The total cost incurred by the nursing facilities associated with additional CNAs ranges from \$195,489,460 to \$284,099,169 based on whether the CNA is an employee CNA or an agency CNA. Medicaid would be responsible for approximately 66 percent of the total cost increase for the nursing facility.

DMA assumes a three percent annual increase in the nursing staff salaries and a 50/50 split between employee staff and agency staff. DMA estimates the aggregated total costs associated with this bill to be approximately \$191.8 million in 2003 (\$94.4 million GF) and \$196.6 million in 2004 (\$97.3 million GF).

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: 01/31/02/kwm

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cc: Secretary of Health and Human Resources