

Department of Planning and Budget 2006 Fiscal Impact Statement Draft

1. Bill Number SB207

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

2. Patron: Edwards, J.

3. Committee: Senate Education and Health.

4. Title: Board of Health regulations; guidelines for staffing of nursing homes.

5. Summary/Purpose: Board of Health regulations; guidelines for staffing of nursing homes. Requires the Board of Health, in its licensure regulations, to establish staffing guidelines for nursing homes and certified nursing facilities to ensure the delivery of quality care that shall establish a minimum of three and one-half hours of direct care services per resident per 24-hour period.

6. Fiscal Impact Estimates are: Final.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
Virginia Department of Health			
2006-07	\$5,000	0.5	GF
Department of Medical Assistance Services			
<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$23,192,034	0	GF
2006-07	\$23,192,034	0	NGF
2007-08	\$24,351,636	0	GF
2007-08	\$24,351,636	0	NGF
2008-09	\$25,569,218	0	GF
2008-09	\$25,569,218	0	NGF
2009-10	\$26,847,679	0	GF
2009-10	\$26,847,679	0	NGF
2010-11	\$28,190,062	0	GF
2010-11	\$28,190,062	0	NGF
2011-12	\$29,599,566	0	GF
2011-12	\$29,599,566	0	NGF

7. Budget amendment necessary: Yes, Item 302, subprogram 45610.

8. Fiscal implications:

Virginia Department of Health (VDH):

Expenditures are derived from the costs of promulgating regulation and updating the in-house training of Virginia Department of Health medical facilities inspectors on the updated nursing home staffing standards/regulations.

Department of Medical Assistance Services (DMAS), Medicaid:

Using calendar year 2004 nursing home wage survey data and cost report data on nursing home days, DMAS calculates that approximately 70% of nursing homes will have to add a total of 3.4 million nursing hours, a 10% increase over the total nursing hours currently provided nursing home residents statewide, to meet the staffing standards. Since Medicaid pays for approximately 65% of nursing home days, Medicaid would incur costs related to approximately 2.3 million additional nursing hours. The average cost in 2004 for each additional nursing hour worked was \$17.77. The staffing cost was adjusted 5% annually for inflation. Based on these assumptions, this legislation will result in \$46.4 million in additional costs for nursing facilities in FY 2007.

9. Specific agency or political subdivisions affected: Virginia Department of Health;
Department of Medical Assistance Services.

10. Technical amendment necessary: None.

11. Other comments: Under the normal skilled nursing facilities reimbursement methodology, DMAS would not increase reimbursement to nursing facilities until at least a year after the nursing facilities have increased their staffing levels and the costs are reflected in their cost reports. Nursing facilities cannot absorb these types of significant cost increases and the estimates above assume the reimbursement would be adjusted prospectively when the staffing requirements are enacted.

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Cc: Secretary of Health and Human Resources