

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB 646

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Carr

3. Committee: Health, Welfare and Institutions

4. Title: Nursing homes; standards of care and staff requirements, regulations

5. Summary: This legislation requires the State Board of Health to establish staffing and care standards in nursing homes to require a minimum of direct care services to each resident per 24-hour period as follows:

- A minimum of 2.8 direct care hours must be provided by a certified nurse aide (CNA) per resident, per day;
- A minimum of 1.3 direct care hours must be provided by a registered nurse (RN) or licensed practical nurse (LPN) per resident, per day; and
- A minimum of 0.75 hours of the total direct care hour requirements above (4.1 hours) must be provided by a RN per resident, per day.

The bill requires nursing homes to provide quarterly staff training on first aid, medication administration, and compliance with nursing home policies and procedures. Additionally, the bill removes language requiring that each hospital, nursing home, and certified nursing facility establish protocols for patient visits from a rabbi, priest, minister, or clergy of any religious denomination or sect during a declared public health emergency related to a communicable disease of public health threat.

6. Budget Amendment Necessary: Yes, Item 304.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$89,186,002	General
	\$98,457,071	Nongeneral
2024	\$91,386,921	General
	\$101,510,159	Nongeneral
2025	\$93,945,754	General
	\$104,352,444	Nongeneral
2026	\$96,576,236	General
	\$107,274,312	Nongeneral

2027	\$99,280,370 \$110,277,993	General Nongeneral
2028	\$102,060,220 \$113,365,777	General Nongeneral
2029	\$104,840,071 \$116,453,561	General Nongeneral

8. Fiscal Implications:

Department of Medical Assistance Services (DMAS)

This bill has a fiscal impact on the Commonwealth because it creates staffing and training standards for all nursing homes, which in turn would increase operating costs. Since Medicaid is the largest payer of nursing home costs, the Medicaid program would be impacted. The lack of this prospective rate increase to cover these costs could jeopardize the financial stability of many nursing homes and result in decreased access to nursing home care for Medicaid beneficiaries. The assumption is that changes in visitation protocols for clergy would have no substantive impact on costs.

This analysis assumes that Medicaid rates for nursing facilities would be increased starting in FY 2023 to account for the added costs. Because no specific time requirement for training is prescribed, DMAS assumes that training would mimic that required of home and community based nursing services of 0.75 hours per week for CNAs and 0.50 hours per week for RN/LPNs for a total cost to Medicaid of \$9,554,580 in FY 2023. Medicaid days do not reflect the overall trend of decreasing nursing home utilization as most Medicaid aged and disabled recipients moved to managed care in FY 2020 and COVID-19 had reduced nursing home utilization. Costs were inflated annually based on the historical and projected nursing home inflation. Note that wages were not adjusted for minimum wage or other increases outside of projected inflation that might occur.

Using calendar year 2020 nursing facility wage survey data, calendar year 2019 patient days and state fiscal year 2021 total Medicaid days by nursing home, DMAS compared the number of nursing hours worked with the total number of patient days by facility to determine the number of nursing hours worked per patient day and associated Medicaid cost. The estimated average CNA hours per recipient per day (PRPD) statewide was 2.07 hours, the average LPN PRPD was 1.05 hours, and the average RN PRPD were 0.48 hours. Approximately 13.9 percent of all nursing homes meet the CNA standard and 18.1 percent meet the RN standard. If all facilities increased hours to meet the RN requirement, almost all facilities would meet the combined 1.3 RN/LPN nursing requirement.

In 2020, the average cost (total costs, including employee benefits and outside/corporate agency spending) for each additional nursing hour worked was: CNA \$20.58, LPN \$34.14 and RN \$46.56. Assuming staffing costs were adjusted annually to account for nursing facility inflation, DMAS estimates that enacting the legislation would increase nursing facility costs to care for Medicaid recipients by approximately \$187.6 million (\$89.2 million general fund and \$750,572 coverage assessment dollars) in FY 2023. The continued increase in out-year amounts reflect the assumption of continued inflation.

Virginia Department of Health

The Virginia Department of Health would be required to amend agency regulations to reflect the bill. The agency previously had indicated that those costs can be absorbed within the current workload. Should additional information become available, this statement will be revised.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

Virginia Department of Health

10. Technical Amendment Necessary: No

11. Other Comments: None