

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7757

BILL NUMBER: HB 1813

DATE PREPARED: Feb 21, 1999

BILL AMENDED:

SUBJECT: Health facility complaint resolution and staffing.

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FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a health facility to have a registered nurse on duty at all times as a nursing supervisor, with a waiver allowed in some situations. The bill provides additional staffing requirements depending upon the number of beds in the health facility. It requires a health facility to maintain minimum ratios of staff to patients and to post various notices regarding staffing. The bill increases the number of hours of classroom instruction and supervised clinical experience required for nurse aides.

This bill allows any allegation of breach at a health facility to be made orally or in writing. It requires the State Department of Health (SDOH) to investigate all oral allegations, not just oral allegations that the State Department considers to have merit. The bill requires the state Department of Health to begin an investigation of an allegation within either 24 hours or 30 days after receiving the allegation, depending on the nature of the allegation. It requires that the investigation be unannounced and include interviews with all relevant witnesses. The bill imposes certain reporting requirements upon the completion of an investigation. It requires the State Department of Health to establish procedures for reconsideration of investigation results.

Effective Date: Upon passage; July 1, 1999.

Explanation of State Expenditures: (Revised) This bill requires the SDOH to investigate all allegations of a breach at a health facility and the investigation must begin within 24 hours or 30 days depending on the circumstances of the allegation. Currently the SDOH receives approximately 2,500 allegations a year and the allegations are prioritized as to when the investigation begins depending on the severity of the allegation. The requirements of this bill concerning the timing of the investigation and the reporting requirements of the investigation will require the SDOH to hire 20 additional employees. The cost of the salaries, fringe benefits, and indirect costs are estimated to be \$744,127 in FY 2000 and \$737,611 in FY 2001.

The bill requires health facilities to have a certain number of staff at the facility. The bill allows the SDOH

to grant a waiver from these requirements and prescribes the conditions that must be met for a waiver to be granted. It is estimated that the SDOH will be need to hire five additional employees to comply with the waiver requirements of this bill. The cost of the salaries, fringe benefits, and indirect costs of these positions is estimated to be \$181,571 in FY 2000 and \$179,764 in FY 2001.

It is estimated that three new employees will be necessary to provide supervisory support for both the waiver requirements and the investigation requirements of this bill. The estimated cost of the salaries, fringe benefits, and indirect costs is \$123,161 in FY 2000 and \$122,646. The bill requires the SDOH to develop a reconsideration process to allow the reconsideration of the results of any investigation of an alleged breach. Depending on the type of process developed by the SDOH there could be additional costs to the SDOH.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The December 31, 1998, manning table shows the SDOH with 99 vacancies. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Nursing Facility Staffing Requirements: There will also be additional costs through the Medicaid program due to the additional nursing facility staffing requirements provided in the bill. The estimated state share of additional Medicaid expenditures is about \$15 million annually (Based on total new expenditures of \$38 million, the federal share is about \$23 million and the state share is about \$15 million.).

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal revenues through the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Health.
Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Marilyn Cage, SDOH, 233-2170.
Chris Knerr, Myers and Stauffer, 846-9521.