

**Economic Impact Statement**

LSA Document #08-216

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses**

In 2007, Senate Enrolled Act 333-2007 required the Indiana State Board of Health Facility Administrators (Board) to adopt rules to do the following:

- Amend [840 IAC 1](#) and [840 IAC 2](#) to implement rule changes based on Senate Enrolled Act 333-2007, including establishing criteria for licensure as a residential care facility administrator and to establish separate education, experience, and training requirements for licensure as a residential care facility administrator and a comprehensive care facility administrator.

**Impact on Small Businesses****1. Estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.**

NAICS CODE 623110 Nursing Care Facilities

[IC 4-22-2.1-4](#) provides that "small business" means any person, firm, corporation, limited liability company, partnership, or association that:

- (1) is actively engaged in business in Indiana and maintains its principal place of business in Indiana;
- (2) is independently owned and operated;
- (3) employs one hundred (100) or fewer full-time employees; and
- (4) has gross annual receipts of five million dollars (\$5,000,000) or less.

The types of small businesses most likely to be affected by this proposed rule are comprehensive care facilities, residential care facilities, and hospital based long-term care units. Licensed long-term care facilities must have a licensed administrator of record at each location. There are approximately 1,300 actively licensed health facility administrators. There are approximately 600 licensed facilities in the state. Of these 600 facilities, an unknown number fall under the definition of a small business.

**2. Estimate of the average annual reporting, record keeping, and other administrative costs that small business will incur to comply with the proposed rule.**

The Board anticipates only a small increase, if any, in number of applicants applying for licensure as either a residential care facility administrator or a comprehensive care facility administrator. The impact to small businesses is limited to the cost of applications and renewals for individual applicants and licensees who may be employed by a small business. There are no additional reporting requirements or record keeping expenditures.

**3. Estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule.**

The Board anticipates only a small increase, if any, in number of applicants applying for licensure as either a residential care facility administrator or a comprehensive care facility administrator. Therefore, there will only be a minimal additional impact to small businesses in regard to annual reporting or record keeping. This impact is limited to the cost of applications and renewals for individual applicants and licensees who may be employed by a small business.

The fees assessed to residential health facility administrators will be the same as fees assessed to comprehensive health facility administrators.

**4. Statement justifying any requirement or cost that is imposed on small businesses by the rule; or any other state or federal law.**

In 2007, Senate Enrolled Act 333-2007 required the Board to adopt rules establishing criteria for licensure as a residential care facility administrator and establishing separate education, experience, and training requirements for residential care facility administrator and comprehensive care administrator.

The intent of this Act was to provide a larger pool of candidates for hire as administrators of residential care facilities. All licensed long-term care facilities are required by the Indiana Department of Health to have a licensed administrator over the facility. Under the old statute, the Board only issued licenses to health facility administrators that could operate a comprehensive care facility or a residential care facility. Residential care facilities found it increasingly difficult to find licensed administrators that would work for a lower salary than what a comprehensive care facility could pay. Under the new statute, residential care facilities may employ an administrator that holds a residential care administrator license, which requires a shorter administrator-in-training program. The proposed rule provides these standards and also clarifies and revises language and removes out-of-date and unnecessary language in the rules.

**5. Regulatory flexibility analysis.**

**Consideration of alternative methods of achieving the purpose of the proposed rule.**

The Board did not consider alternatives as it is required by statute to establish the rule and because there will be an insignificant fiscal impact under the rule as proposed.

**6. Conclusion.**

All licensed long-term care facilities must employ a licensed administrator that is fully responsible for the daily operations of the facility. The proposed rules allow administrators to choose from two different types of licensure options depending on the type of facility in which they desire to practice.

**7. Supporting Data, Studies, or Analyses.**

The agency considered data obtained from the Indiana State Department of Health that indicated that there are approximately 500 licensed comprehensive facilities and approximately 100 licensed residential facilities. Using that 5:1 ratio, the agency can expect that of the 300 applications that the Board receives per year, 60 could be expected to apply for licensure as a residential care facility administrator. However, the agency anticipates that even a smaller number of applicants will apply for licensure as a residential care facility administrator. While the proposed rule reduces the number of hours required for the administrator-in-training program in order to obtain a residential facility administrator license as compared to a comprehensive care facility administrator license, applicants for licensure could benefit professionally and financially from obtaining the additional training required for the higher level of licensure.

*Posted: 09/10/2008 by Legislative Services Agency*  
An [html](#) version of this document.