

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4551-01
BILL NO.: SB 1030
SUBJECT: Nurses; Nursing and Boarding Homes; Elderly; Department of Social Services
TYPE: Original
DATE: March 16, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$11,112,685)	(\$11,617,736)	(\$12,146,170)
Total Estimated Net Effect on <u>All</u> State Funds	(\$11,112,685)	(\$11,617,736)	(\$12,146,170)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	(\$17,403,315)	(\$18,194,264)	(\$19,021,830)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$17,403,315)	(\$18,194,264)	(\$19,021,830)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Aging (DA)** stated the DA Institutional Services (DAIS) is responsible for surveying skilled nursing facilities (SNF) participating in the Medicare/Medicaid programs; conducting state licensure inspections in SNF participating in the Medicare/Medicaid programs and those that do not participate in the federally sponsored programs; and investigating allegations of abuse, neglect, exploitation or violations of regulations in SNF.

The DAIS believes the establishment of staffing ratios for SNF will not significantly increase the amount of time spent by survey staff in conducting inspections, surveys and/or complaint investigations.

The DAIS stated this proposal will have an indeterminate economic impact on local government units that may be operating SNF licensed under chapter 198 RSMo. The local government units will incur additional costs related to coming into compliance with this new staffing requirement as it establishes required ratios of specified types of facility staff to residents.

Oversight assumes the SNF owned by local governmental units will pass on the costs of additional staff required as a result of this proposal and therefore, will not reflect a fiscal cost to the local governmental funds.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated that based on discussions with the DA and review of the industry's data submitted to DMS, the staffing levels set forth in the proposal is higher than what is currently being done at nursing facilities resulting in nursing facilities having to hire additional staff.

The DMH stated that currently, nursing facility reimbursements are based on 1992 cost reports trended forward. Thus, new costs incurred after 1992 would not typically be part of the reimbursement calculation until rebasing. DMS assumes that the costs of the staffing requirements would be treated in the same manner as federal minimum wage changes where costs are recognized prior to rebasing.

Using the industry's data, the DMH determined approximately 75% of the industry does not meet the RN/LPS staffing levels and 30% of the industry does not meet the direct care provider staffing levels. The DMH included the Director of Nursing and other Registered Nurses in the current staffing levels in determining the additional staffing requirements for RN/LPN coverage and direct care provider coverage.

ASSUMPTION (continued)

The DMS prepared an extensive calculation using data from each nursing facilities staffing patterns to determine the additional FTE required by the nursing facilities. This calculation is to cumbersome for including in the fiscal note. However, the DMS determined that in order to bring the staffing levels up to the requirements in this proposal, the DMS will incur additional medical assistance payments of approximately \$30,000,000 annually. The costs were split between state and federal funds at a rate of 39% state and 61% federal funds.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

GENERAL REVENUE FUND

Costs - Division of Medical Services

Increased Medical Assistance Payments	<u>(\$11,112,685)</u>	<u>(\$11,617,736)</u>	<u>(\$12,146,170)</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

	<u>(\$11,112,685)</u>	<u>(\$11,617,736)</u>	<u>(\$12,146,170)</u>
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FEDERAL FUNDS

Costs - Division of Medical Services

Increased Medical Assistance Payments	<u>(\$17,403,315)</u>	<u>(\$18,194,264)</u>	<u>(\$19,021,830)</u>
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**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

	<u>(\$17,403,315)</u>	<u>(\$18,194,264)</u>	<u>(\$19,021,830)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses operating as skilled nursing facilities may be fiscally impacted by this proposal if they do not meet these minimum staffing requirements. This impact, taken as a whole, could be more than \$30,000,000. However, the nursing facilities should be allowed greater reimbursements from the Department of Social Services. The net effect to the nursing facilities cannot be reasonably estimated.

DESCRIPTION

This proposal outlines the minimum staffing requirements for skilled nursing facilities, licensed under Chapter 198, RSMo. A new Section 198.166 would be created and would require every skilled nursing facility (SNF) to retain a registered nurse (RN) as Director of Nursing. SNFs with more than 100 licensed beds would also retain a RN as an Assistant Director of Nursing and would have a director of In-Service Education. All SNFs would maintain the following ratio of staff to residents, including RNs and Licensed Practical Nurses (LPN):

- 1 staff person to 15 residents during the morning shift;
- 1 staff person to 25 residents during the evening shift;
- 1 staff person to 35 residents during the night shift.

Every SNF would also maintain the following staff to resident ratio of direct care providers, including RNs and LPNs :

- 1 staff person to 5 residents during the morning shift;
- 1 staff person to 10 residents during the evening shift;
- 1 staff person to 15 residents during the night shift.

Members of the nursing staff would not provide food, housekeeping, laundry, or maintenance services to residents. Employees hired to provide such services would not provide nursing care and would not be counted in the staff to resident ratios. The Division of Aging would be allowed to develop rules to impose penalties on facilities that fail to meet the staffing requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services



Jeanne Jarrett, CPA
Director
March 16, 2000