

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0138-01
Bill No.: SB 147
Subject: Elderly; Nurses; Nursing and Boarding Homes; Social Services Department
Type: Original
Date: January 8, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$10,279,237)	(\$12,830,651)	(\$13,346,122)
Total Estimated Net Effect on General Revenue Fund	(\$10,279,237)	(\$12,830,651)	(\$13,346,122)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*** Revenues and expenditures of approximately \$20 million annually net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** 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. The DMS is assuming that the costs of the staffing requirements will be treated in the same manner as other legislative initiatives such as the increase in the federal minimum wage where the increased costs were recognized in the year the wage increase occurred.

DMS states approximately 75% of the industry does not meet the proposed RN/LPN staffing levels and 30% of the industry does not meet the proposed direct care provider staffing levels (RN, LPN, and Aides). This is based on the discussions with the Division of Health Standards and Licensure and a review of the industry's data submitted to the DMS. The director of nursing and other RNs were included in the current staffing levels when determining the additional staffing needs for RN/LPN coverage and direct care provider coverage.

The DMS calculated the staffing requirement for this legislation as number of hours per resident day. These amounts were compared to the actual hours per resident day reported on the Medicaid cost report.

ASSUMPTION (continued)

The projected cost for FY 04 is \$26,678,528 (10 months); \$33,300,419 for FY 05; and \$34,638,262 for FY 06. A federal match rate of 61.47% is used for each year.

Officials from the **Department of Health and Senior Services (DOH)** stated this legislation would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact the DOH programs, then the DOH would request funding through the legislative process.

Officials from the **Office of the Secretary of State (SOS)** state this bill outlines minimum staffing requirements for skilled nursing facilities. The Department of Health and Senior Services may promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$492 [(8 pp x \$27) + (12 pp x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** assume DMH currently meets the requirements set forth in this proposal. DMH also states it is unknown if this legislation would impact privately run skilled nursing facilities.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE

<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medical Assistance Payments	<u>(\$10,279,237)</u>	<u>(\$12,830,651)</u>	<u>(\$13,346,122)</u>
Total <u>Costs</u> - Department of Social Services	<u>(\$10,279,237)</u>	<u>(\$12,830,651)</u>	<u>(\$13,346,122)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$10,279,237)</u>	<u>(\$12,830,651)</u>	<u>(\$13,346,122)</u>
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FEDERAL FUNDS

<u>Income - Department of Social Services - Division of Medical Services</u>			
Medical Assistance Payments	\$16,399,291	\$20,469,768	\$21,292,140
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medical Assistance Payments	<u>(\$16,399,291)</u>	<u>(\$20,469,768)</u>	<u>(\$21,292,140)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*** Revenues and expenditures of approximately \$20 million annually net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have an indeterminate economic impact on small businesses that must incur

additional costs to comply with the new staffing requirements.

DESCRIPTION

This proposal outlines the minimum staffing requirements for skilled nursing facilities, licensed under Chapter 198, RSMo. A new Section 198.166 is created and requires every skilled nursing facility (SNF) to retain a full-time registered nurse (RN) to serve as Director of Nursing. SNFs with more than 100 licensed beds must employ a registered nurse to serve as Assistant Director of Nursing and must have a Director of In-Service Education. All SNFs must maintain the following ratio of staff to residents, which include Licensed Practical Nurses (LPNs) and RNs: 1 staff person to 15 residents during the morning shift; 1 staff person to 25 residents during the evening shift; and 1 staff person to 35 residents during the night-time shift.

Every SNF must also maintain the following staff to resident ratio of direct care providers, which include certified nurse's aides, LPNs, and RNs: 1 staff person to 5 residents during the morning shift; 1 staff person to 10 residents during the evening shift; and 1 staff person to 15 residents during the night-time shift.

Members of the nursing staff may not provide food, housekeeping, laundry, or maintenance services to residents. Employees hired to provide such services may not provide nursing care and may not be counted in the staff to resident ratios. The Division of Aging is 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 Health and Senior Services
Department of Social Services
Secretary of State
Department of Mental Health



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Director
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