

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3253-03
Bill No.: HB 1106
Subject: Health Care Professionals; Health Department; Nurses
Type: Original
Date: March 29, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$183,173)	(\$171,637)	(\$176,043)
Total Estimated Net Effect on General Revenue Fund	(\$183,173)	(\$171,637)	(\$176,043)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Health Initiatives Fund	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** assume this proposal would not fiscally impact their agency.

Officials from the **Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. SOS is provided with core funding to handle a certain amount of normal activity resulting from each years legislative session. The fiscal impact for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Health and Senior Services (DOH)** state DOH completed onsite a total of 420 hospital and ambulatory licensure and complaint surveys in 2004. The survey staff presently spends an average time of 24 hours onsite to complete the survey process.

CM:LR:OD (12/02)

ASSUMPTION (continued)

The proposed changes would require an additional 8 hours on site for each survey to review the hospitals and ambulatory surgical centers nurse-patient ratios and their plan.

$$420 \times 12 \text{ hours} = 5,040 \text{ hours} = 2 \text{ FTE}$$

DOH states two FTE Health Facility Nursing Consultants would be required to complete the survey processes by going onsite to observe the staffing needs in hospitals and ambulatory surgical centers. These FTE would also assist with the formulation of the systems and to assure compliance with the nurse-patient ratio.

DOH states one clerical office support FTE would be needed to provide support to the Health Facility Nursing Consultants.

DOH states the amount of fine revenue to the Health Initiative Fund is unknown because it is unknown how many facilities would be fined.

Oversight has, for fiscal note purposes only, changed the starting salary for DOH positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes local hospitals could be fiscally impacted as result of this proposal for the extra recordkeeping necessary and possible additional staff costs. Oversight assumes hospitals would have an unknown cost.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE

Costs - Department of Health and Senior Services

Personal Services (3 FTE)	(\$97,596)	(\$103,295)	(\$105,878)
Fringe Benefits	(\$43,001)	(\$45,512)	(\$46,650)
Expense and Equipment	(\$42,576)	(\$22,830)	(\$23,515)

ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$183,173)</u>	<u>(\$171,637)</u>	<u>(\$176,043)</u>
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HEALTH INITIATIVES FUND

Income - Department of Health and Senior Services

Fines	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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ESTIMATED NET EFFECT ON HEALTH INITIATIVES FUND	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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LOCAL FUNDS

Costs - Local Hospitals

Recordkeeping costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

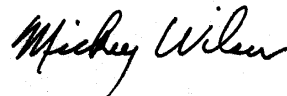
This proposal requires hospitals and ambulatory surgical centers to implement an acuity-based patient classification system. Minimum direct-care registered nurse-to-patient ratios are specified for various units within a hospital or ambulatory surgical center. As a condition of licensing, each hospital or ambulatory surgical center must annually submit to the Department of Health and Senior Services a prospective staffing plan which is sufficient to meet the specified ratios.

Hospitals and ambulatory surgical centers can be fined \$25,000 for failing to follow a daily written nurse staffing plan. The fines collected will be deposited into the Health Initiatives Fund.

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 Economic Development
Secretary of State



Mickey Wilson, CPA
Director
March 29, 2006