

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1544-01
Bill No.: HB 588
Subject: Health Care; Health Care Professionals; Health Department; Nurses
Type: Original
Date: February 28, 2007

Bill Summary: This proposal requires hospitals and ambulatory surgical centers to implement an acuity-based patient classification system.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$134,777)	(\$151,372)	(\$155,915)
Total Estimated Net Effect on General Revenue Fund	(\$134,777)	(\$151,372)	(\$155,915)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of 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 act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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.

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 Health and Senior Services (DHSS)** state two (2) additional 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. The 2 FTE would also assist with the formulation of the systems and to assure compliance with the nurse-patient ratio.

DHSS completed onsite a total of 468 hospital and ambulatory licensure and complaint surveys in 2006. The survey staff presently spends an average time of 26 hours onsite to complete the survey process. 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. The 8 hours would include time to review the facility's plan and staffing schedules and time to actually observe the staffing while on site to verify the "written certification that the staffing plan is sufficient to provide adequate and appropriate delivery of health care" (Section 197.288(5) RSMo). This would include observations performed on all units and also on all shifts.

468 X 8 hours = 3,744 hours = 2 FTE (Health Facility Nursing Consultants)

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the DHSS 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 the amount of fine revenue to the Health Initiative Fund is unknown because it is unknown how many facilities would be fined.

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

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
Costs - Department of Health and Senior Services			
Personal Service	(\$77,806)	(\$96,168)	(\$99,054)
Fringe Benefits	(\$35,215)	(\$43,526)	(\$44,832)
Equipment and Expense	(\$21,756)	(\$11,678)	(\$12,029)
<u>Total Costs - DHSS</u>	<u>(\$134,777)</u>	<u>(\$151,372)</u>	<u>(\$155,915)</u>
FTE Change - DHSS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$134,777)</u>	<u>(\$151,372)</u>	<u>(\$155,915)</u>
Estimated Net FTE Change for General Revenue Fund	2 FTE	2 FTE	2 FTE

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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FISCAL IMPACT - Local Government

FY 2008 (10 Mo.)	FY 2009	FY 2010
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LOCAL FUNDS

Costs - Local Hospitals

Record Keeping and Staffing 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

Small businesses that operate hospitals or ambulatory surgical centers could be affected by this proposal if they are required to increase staffing.

FISCAL DESCRIPTION

This legislation 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.

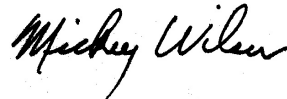
FISCAL DESCRIPTION (continued)

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 Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 28, 2007