

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-2433/1</b>	<b>Introduction Number</b> <b>AB-314</b>
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**Subject**  
 Licensure of hospital administrators

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
      Increase Existing Appropriations     
  Increase Existing Revenues  
      Decrease Existing Appropriations     
  Decrease Existing Revenues  
      Create New Appropriations

Increase Costs - May be possible to absorb within agency's budget  
      Yes       No  
 Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS ss. 20.165 (1)(g) and 20.165 (1)(i)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
R&L/ Elizabeth Reinwald (608) 266-0746	Elizabeth Reinwald (608) 266-0746	12/17/2003

**Fiscal Estimate Narratives**  
**R&L 12/17/2003**

LRB Number <b>03-2433/1</b>	Introduction Number <b>AB-314</b>	Estimate Type <b>Original</b>
<b>Subject</b> Licensure of hospital administrators		

**Assumptions Used in Arriving at Fiscal Estimate**

A search has not turned up any national hospital administrator examinations appropriate for licensure. The proposed law calls for an exam regarding laws governing hospitals, the administration of hospitals, and the needs of patients served by hospitals, plus knowledge of federal and state health care reimbursement programs. For purposes of the estimate, the goal is a 150 question national exam and a 100 question state law exam, similar to nursing home exams. According to the Department of Health and Family Services, Bureau of Quality Assurance, there are 145 current chief executive officers of hospitals. There may be 145 candidates the first year and perhaps 10 per year thereafter.

In addition, the proposed law calls for testing of nursing home administrators on knowledge of federal and state health care reimbursement programs. The state law exam for nursing home administrators would need to be updated to include state law on reimbursement. The national NHA exam covers national law.

The effective date of the new law should take into account that it will take approximately thirteen months to develop the new exams.

One-time costs:

Develop Examination

Examination development committee of 10 members to meet 12 times to develop a survey of the profession, develop questions from the survey, develop examination specifications, and edit questions.

Meetings @\$108 travel, meal and per diem costs for each member per meeting--\$12,960.  
Develop examination questions at home @ \$6 per question for 200 questions --\$ 1,200.  
Mail 170 surveys @ \$3 each --\$ 510

All staff time costs include fringe calculated at 38.92% and rounded.

Examination specialist staff time to support and train development committee and to compile survey, analyze and edit examination questions, and determine scoring  
430 hours @ an average of \$20 per hour plus fringe at 38.92%. --\$11,900[rounded]

Administer Examination first time to 145 candidates @ \$27 cost per candidate --\$3,915

Update Department IT Systems and Web Site

80 hours IT programmer @ \$30 per hour --\$ 2,400  
16 hours IT contractor @ \$65 per hour including overhead --\$ 1,040

Develop Credentialing Forms and Applications

20 hours Program Manager @ \$36 per hour --\$ 720  
40 hours Program Assistant @ \$17 per hour --\$ 680  
20 hours Legal Counsel @ \$53 per hour --\$ 1,060

Promulgate Rules

80 hours Paralegal @ \$27 per hour --\$ 2,160

40 hours Legal Counsel @ \$53 per hour --\$ 2,120  
40 hours Program Manager @36 per hour --\$ 1,440

Total One Time Costs \$42,105

#### Annual Costs

Examination administration to 10 candidate per year --\$ 270  
Every 5 years maintenance to exam [staff development costs annualized] --\$ 4,700

Administer Continuing Education Requirement per 145 licensees

Review renewals [time is rounded to the nearest whole hour]  
4 hours Program Assistant @\$17 per hour --\$ 68

#### Approve Courses

1 hour Program Manager @36 per hour --\$ 36  
15 hours Program Assistant @17 per hour to maintain database --\$ 255  
22 hours Program Manager @ 36 per hour to review courses and correspond --\$ 792  
94 hours Program Assistant @17 per hour to correspond on courses --\$ 1,598  
34 hours Examination Specialist @28 per hour to audit compliance --\$ 952  
Enforcement Costs:

Assuming 3 complaints each year to a full hearing

12 hours Program Assistant @17 per hour --\$ 204  
and  
3 hours Legal Counsel @53 per hour to screen --\$ 159

18 hours investigator @26 per hour --\$ 468  
96 hours prosecutor @ 53 per hour --\$5,088  
120 hours administrative law judge @51 per hour --\$6,120  
3 hour program assistant @17 per hour to close --\$ 51

Assuming another 5 complaints per year closed after investigation

20 hours program assistant time @17 per hour --\$ 340  
5 hours legal counsel @53 per hour --\$ 265

30 hours investigator @26 per hour --\$ 780  
5 hours program assistant @17 per hour --\$ 85

Total on-going costs: \$22,231

#### Revenue Assumptions

Licensing 145 Hospital Administrators at \$53 every two years would bring in annualized state revenues of \$,843. \$385 would be deposited as GPR-Earned and the remaining \$3,458 would go to DRL to cover costs. The bill does not give DRL expenditure authority for this revenue or the costs not associated with examinations.

Examining 145 applicants @219 per examination the first year and 10 every year thereafter would bring in state revenues of \$31,755 for the first year--\$28,580 to DRL and \$3,176 to GPR-Earned. Annual examination revenues for 10 applicants a year would be \$2,190--\$1,971 to DRL and \$219 to GPR.

#### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number <b>03-2433/1</b>		Introduction Number <b>AB-314</b>	
<b>Subject</b>			
Licensure of hospital administrators			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
\$42,105			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$21,961	
	(FTE Position Changes)		
	State Operations - Other Costs	270	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$22,231</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS	22,231	
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned	604	
	FED		
	PRO/PRS	5,429	
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$6,033</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$22,231	\$
	NET CHANGE IN REVENUE	\$6,033	\$
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R&L/ Elizabeth Reinwald (608) 266-0746		Elizabeth Reinwald (608) 266-0746	12/17/2003