

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-2936/1</b>	<b>Introduction Number</b> <b>AB-451</b>
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**Subject**  
 Mandatory overtime for health care workers

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs	

**Local:**

<input checked="" type="checkbox"/> No Local Government Costs	<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	
<input type="checkbox"/> Indeterminate		

1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory

<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 20.485 (1) (gk)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DVA/ Zolonda Eubanks (608) 264-7072	John Scocos (608) 266-2256	1/23/2004

## Fiscal Estimate Narratives

DVA 1/23/2004

LRB Number	03-2936/1	Introduction Number	AB-451	Estimate Type	Original
<b>Subject</b>					
Mandatory overtime for health care workers					

### Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits a health care facility from requiring certain employees to work for more than a work shift of eight hours, ten, or twelve hours that has been determined and agreed to before the performance of that work. The bill also prohibits such employees to work more than 40 hours per week (overtime) without consent of the health care worker, except in cases of unforeseeable emergency in which the health care facility has first exhausted all other options. Affected employees include those who are paid on an hourly basis and are involved in providing direct health care services for patients or residents or in providing clinical or laboratory services (health care worker). The Wisconsin Veterans Home at King (WVH-K) and the Wisconsin Veterans Home at Union Grove (WVH-UG) would be impacted by this bill.

The following assumptions are used to calculate the fiscal effect of the bill on the WVH-K and WVH-UG:

1. "Health Care Worker" involved in "direct care of patients" includes: NCs, LPNs, CNAs, and NTAs.
2. Projected overtime hours for FY 04 were used to determine the estimated fiscal effect of the bill. The bill does allow the assignment of at least some portion of extra time (vs. overtime), if those hours are "agreed upon before the performance of the work." However, since it is not predictable what hours could qualify as "extra time", all overtime hours are being used for these calculations.
3. The average wage used for staff overtime is the actual cost per classification from FY 03 and projected FY 04 (26 pay periods) divided by the number of hours worked in each classification during that time.
4. 80% of total projected overtime costs for FY 04 were utilized for this estimate. This assumes that affected staff would desire to work about 20% of the overtime hours.
5. All overtime hours not desired by staff (80% of the total) would have to be contracted out if it is not possible to assign hours to our current staff.
6. It has been WVH-K's experience in utilizing the services of numerous agencies in FY 03 and the current fiscal year that they (WVH-K currently has contacts with 8 different firms) are unable to cover all the staff hours needed. They specifically have been unable to meet the needs in a less than 24-hour notice situations. The less than 24-hour overtime requirements are deemed to be the most difficult for staff to cover and the most distasteful to them.
7. The largest local provider of contracted nursing services, PRN Health Services, Inc., has provided an estimate of their hourly charges for RNs, LPNs and CNAs. These were used for replacement staff estimates.
8. In discussions about float pool requirements, the total number used for the estimate is 6 NC, 3 LPN and 9 CNA position to allow for 7-day week coverage. Float pool requirements are based on numbers of posts staffed in each classification and the numbers of shifts they work. NC float pool needs are estimated to be three for day shifts, two for night shifts and one for nurses on call (NOC). LPNs are one each for the day and evening shifts. CNAs are three for day shifts, two for night shifts, and one on NOCs.
9. 20% of overtime is estimated to be incurred for the "day of," or for last minute call ins.
10. The estimated cost for contracting locally for replacement direct care staff, combined with a portion of overtime worked by volunteer WVH staff, is projected to be \$1,033,025.36 for FY 04. This estimate must be adjusted for an additional component of mandatory overtime (i.e. is not prescheduled). Since an estimated 20% of the overtime is assigned for last minute call-ins, it would be necessary to add float pool staff in these

classifications in order to avoid the need to require overtime by staff. Since the float pool would be needed for all three shifts of NCs and CNAs and for two shifts of LPNs, a minimum of 6 NCs, 3 LPNs and 9 CNAs positions would be needed to cover the required posts. The approximate annual cost of the float pool staff is \$807,300, as determined below:

6 NCs @ \$21.633/hour x 2080 x 45% fringe = \$391,470.76  
3 LPNs @ \$14.410/hour x 2080 x 45% fringe = \$130,381.68  
9 CNAs @ \$10.515/hour x 2080 x 45% fringe = \$285,419.16  
TOTAL COST = \$807,271.60

11. Using the assumption that 20% of the overtime incurred is for last minute call-ins; the estimated overtime (identified as \$1,033,025.36) is reduced by 20% to \$826,420.29. The float pool staff at an estimated cost of \$807,271.60 will pick up the 20% portion of the overtime. The total cost of scheduling to eliminate mandatory overtime is \$1,633,671.89, which is the sum of \$826,420.29 plus \$807,271.60. The FY 04 estimated annual fiscal effect to WVH-K to implement the provisions of this bill is \$1,633,691.89 minus the net projected FY 04 overtime costs of \$590,291, which equals \$1,043,400.00.

12. Using a similar analysis for the Wisconsin Veterans Home at Union Grove (WVH-UG) has resulted in a net projected annual fiscal effect of \$95,100. It should be noted that there will be a significant increase in the fiscal effect of this bill on WVH-UG once the new 120-bed SNF is opened in early FY 06.

The total combined estimated FY 04 fiscal effect for WVH-K and WVH-UG is \$1,138,500 and 18.0 FTE.

The use of contract nursing staff and float pools to cover overtime hours may not be practical for two reasons. First, it may not be possible to recruit and retain staff for float pools. This is due to a labor shortage of health care workers. In addition, float pool staff traditionally moving out of them as soon as other non-pool positions become vacant. The second reason is that the current short supply of health care workers makes it difficult to obtain the services of a sufficient number of contract workers.

### **Long-Range Fiscal Implications**

The shortage of health care workers has resulted in those workers receiving higher wage increase than other state workers. If that trend continues into the future, then the fiscal effect of this bill will increase over the long-range. Another possible long-term impact of the bill is that the current shortage of health care workers will make it difficult to meet state and federal staffing requirements. Ultimately that could result in having to reduce the number of residents at WVH-K.

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
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<b>LRB Number</b> 03-2936/1		<b>Introduction Number</b> AB-451	
<b>Subject</b>			
Mandatory overtime for health care workers			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<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		\$1,138,500	
(FTE Position Changes)		(18.0 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$1,138,500</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS		1,138,500	
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			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$1,138,500	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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