

Fiscal Estimate Narratives

DHFS 11/14/2005

LRB Number	05-2927/1	Introduction Number	SB-371	Estimate Type	Original
Subject					
Mandatory overtime for health care workers					

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits a health care facility from requiring a direct care employee to work more than 40 hours per week without the employee's consent. Currently direct care staff, such as nurses and residential care treatment staff, can be required to work overtime when other staff is not available.

The Department operates seven health care and treatment facilities: Mendota Mental Health Institute, Winnebago Mental Health Institute, Southern Wisconsin Center, Northern Wisconsin Center, Central Wisconsin Center, Wisconsin Resource Center and Sand Ridge Secure Treatment Center. The Mental Health Institutes (MHIs) are funded by GPR and PR, with Medical Assistance contributing approximately 30% of the revenue for program revenue expenses. The remaining 70% is funded by charges to counties and other third-party payers. The Centers for the Developmentally Disabled are funded by program revenue. The Medical Assistance program is the primary source of revenue for the Centers. The Wisconsin Resource Center and Sand Ridge Secure Treatment Center are primarily funded by general purpose revenues.

It is assumed that additional staff would be required to provide coverage for workers who are sick, on vacation, maternity leave, etc, and to ensure that no overtime is forced. The amount that facilities currently expend on overtime would be converted to salary to fund new positions. Funding for the fringe costs of these positions would also have to be added. It is estimated that it would require \$1,076,800 GPR and 43.83 GPR FTE, \$1,597,200 PR and 103.58 PR FTE and \$952,400 FED annually to provide sufficient staff to ensure that no mandatory overtime is required at the MHIs or Centers, including the Medical Assistance costs of supporting the positions at the Centers and MHIs.

It is estimated that the increased cost to the counties will be \$561,600. This increase would result from the increased cost of care to those patients at the Mental Health Institutes for which the counties are responsible.

There may be additional costs for the Wisconsin Veterans Home, although there will be no additional payments from the Medicaid program because these facilities as the result of this bill are currently paid at the maximum amount allowed by the federal government.

There may be additional costs for nursing homes operated by counties and other local units of government, although again Medicaid would not increase its payment to these facilities because it is impossible to identify the cost associated with these bill requirements versus other operating costs.

This bill would apply to Community Based Residential Facilities (CBRF) and other home and community-based providers. The Department purchases services from these providers through the home and community-based waiver programs which are funded through the Medical Assistance Program. There is currently a shortage of direct care workers for CBRFs and home and community-based providers. This bill may result in fewer direct care staff hours being available to support people in these programs, or these programs may need to increase wages in order to recruit and retain adequate staff.

This bill would also apply to privately operated health facilities that may experience an increase in operating expenses as a result of these provisions in the bill. These facilities may serve Medicaid clients. Higher expenses would not result in higher Medicaid payments to these facilities. However, these facilities may seek additional Medicaid rate increases from the Legislature to comply with the cost of additional state mandates.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
Mandatory overtime for health care workers			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$1,993,900	
(FTE Position Changes)		(147.4 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations		1,632,500	
TOTAL State Costs by Category		\$3,626,400	\$
B. State Costs by Source of Funds			
GPR		1,076,800	
FED		952,400	
PRO/PRS		1,597,200	
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$3,626,400	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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