



## Fiscal Estimate Narratives

DVA 10/18/2005

LRB Number	05-2927/1	Introduction Number	SB-371	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 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. This estimate also assumes that current contract costs will not increase. If this bill passes there will be a significant increase in demand for contract nurses and we could expect a significant increase in contract nurse costs.

Therefore it is impossible to make a realistic fiscal estimate for this legislation.

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

1. "Health Care Worker" involved in "direct care of patients" includes: Nurse Clinicians / Registered Nurse (NC)/(RN), Licensed Practical Nurse (LPN), Certified Nursing Assistant (CNA), and Nurse Therapy Assistant (NTA).
2. The overtime hours for FY 05 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 05 (26 pay periods) divided by the number of hours worked in each classification during that time.
4. 70% of total overtime costs for FY 05 were utilized for this estimate. This assumes that 30% of the affected staff would desire to work overtime hours.
5. All overtime hours not desired by staff (70% 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 (WVH-K currently has contacts with 8 different firms) that they 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 estimated float pool requirements are based on staff 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. The cost of mandatory overtime is based on the cost to meet the need with contracted staff.
8. The cost of mandatory overtime is based on the cost to meet the need for overtime (70%) with contracted

nursing staff. In FY05 the actual overtime hours:

RN's at 5,980 hrs x .70 = 4,186 hrs x \$43.48 = \$182,007.28,

LPN's at 3,605 hrs. x .70 = 2,523.50 hrs x \$33.38 = \$84,251.12,

C N A's at 51,456 hrs x .70 = 36,019.20 hrs x \$18.15 = \$653,744.85 = \$920,003.25.

The cost for contracting locally for replacement direct care staff, combined with a portion of overtime worked by volunteer WVH staff, is \$920,000 for FY 05.

The float pool would need to be expanded to cover the night shift in order to truly eliminate (NC) mandatory overtime, with an increase of 3.0 FTE (2-100% and 2-50%) Nurse Clinicians required. There is no licensed staff float pool coverage for the night shift. The approximate annual cost of the float pool staff is \$214,300, as determined below:

2 NC @ \$23.063/hour x 2080 x 21.8% fringe = \$116,857.45

2 NC @ \$23.063/hour x 1040 x 21.8% fringe = \$ 58,428.73

TOTAL COST = \$175,286.18

9. The total cost of scheduling to eliminate mandatory overtime is \$1,095,300, which is the sum of \$920,000 plus \$175,300. The estimated annual fiscal effect to WVH-K to implement the provisions of this bill is \$1,095,300.

10. Using a similar analysis for the Wisconsin Veterans Home at Union Grove (WVH-UG) has resulted in a net projected annual fiscal effect of \$367,500.

The total combined estimated fiscal effect for WVH-K and WVH-UG is \$1,462,800 and 3.0 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 and higher costs will make it difficult to meet state and federal staffing requirements. Ultimately that could result in having to reduce the quality of care or forcing veterans to seek other even more expensive long term care solutions.

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

LRB Number <b>05-2927/1</b>		Introduction Number <b>SB-371</b>	
<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		\$1,462,800	
(FTE Position Changes)		(3.0 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$1,462,800</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS		1,462,800	
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, ets.)</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>			
		State	Local
NET CHANGE IN COSTS		\$1,462,800	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DVA/ Zolonda Eubanks (608) 264-7072		William Kloster (608) 266-2256	10/18/2005