

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3346/1	Introduction Number SB-211
Subject	
Mandatory overtime for health care workers	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 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 <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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)	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
DVA/ Kenneth Abrahamsen (608) 266-0117	Kenneth Abrahamsen (608) 266-0117
	Date
	7/26/01

Fiscal Estimate Narratives

DVA 7/26/01

LRB Number 01-3346/1	Introduction Number SB-211	Estimate Type Original
Subject		
Mandatory overtime for health care workers		

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits a health care facility, which includes the Veterans Home at King and the Veterans Home at Southern Center, from requiring an employee who is involved in the direct care of patients or residents of the facility and who is paid on an hourly basis 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 or to work for more than 40 hours per week (overtime) without the consent of the health care worker, except in cases of unforeseeable emergency in which the health care facility has first exhausted all other options.

The following assumptions are used to calculate the fiscal effect of the bill:

1. "Health Care Worker" involved in "direct care of patients" includes: NCs, LPNs, CNAs, and NTAs.
2. Actual overtime hours worked in FY 01 were used to determine these estimates. There has been some consideration that the language in this bill disallows the assignment of at least some portion of the extra time (vs. overtime), in that the hours must be "agreed upon before the performance of the work." However, since that is not clear, overtime (vs. extra time) is being used for these calculations.
3. WVH average wage for staff overtime is the actual cost per classification from FY 01 (26 pay periods) divided by the number of hours worked in each classification during that time.
4. 80% of total overtime actually worked in 26 pay periods of FY 01 was utilized for this estimate. This assumes that about 20% of the overtime incurred is desired by staff working it. (Not all overtime worked is "forced." Some employees are happy to volunteer for work at time and a half).
5. All overtime hours not desired by staff (80% of the total) would have to be contracted out if we are not able to assign hours to our current staff. The other 20% of the overtime cost estimate is based on our average cost, as this portion will be worked by current staff.
6. 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.
7. In discussions about float pool requirements, the total number used for the estimate is 6 NC, 3 LPN and 9 CNA positions to allow for 7 day a 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 on days, two on pms and one on NOCs. LPNs are one each on the days and evenings. CNAs are three on days, two on evenings, and one on NOCs, in addition to minimal float pool staff already in use at WVH.
8. 20% of overtime is estimated to be incurred for the "day of," or for last minute call ins. This percentage is currently very low due to the high level of vacancies, with much of the overtime assigned in the construction of the schedule.

Attached is a table that provides a detailed cost analysis of the estimated fiscal impact of this bill. The estimated cost for contracting locally for replacement direct care staff, combined with a portion of overtime worked by volunteer WVH staff, is approximately \$1,092,400 annually. 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 to be available in order to avoid the need to require overtime by our 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 NC's, 3 LPN's and 9 CNA's positions would be needed to cover the required posts. The approximate annual cost of the float pool staff is \$714,100, as determined below:

6 NCs @ \$19.248/hour x 2080 x 40.23% fringe= \$336,853.55
3 LPNs @ \$12.799/hour x 2080 x 40.23% fringe= 111,995.76
9 CNAs @ \$10.105/hour x 2080 x 40.23% fringe= 265,266.92
TOTAL COST= \$714,116.23

Utilizing the assumption that 20% of the overtime incurred is for last minute call-ins, the estimated overtime (previously identified as \$1,092,400) is reduced by 20% to \$873,900. The 20% portion of the overtime will be picked up by the float pool staff at an estimated cost of \$714,100. The total cost of scheduling to eliminate mandatory overtime is \$1,588,000, which is the sum of \$873,900 plus \$714,100. Therefore, the additional cost to the Home of implementing the provisions of this bill is \$1,588,057 minus the actual cost of overtime cost (which was \$946,942 in FY 01 based on 26 pay periods), or a net annual fiscal impact of \$641,100.

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. The high overtime rates are due to the fact that there is a labor shortage in terms of health care workers. In addition, float pool positions are traditionally undesirable, with staff moving out of them as soon as other positions are vacated. The second reason is that it due to the high demand for, and short supply of, health care workers, it would be difficult to obtain the services of a sufficient number of contract workers.

Long-Range Fiscal Implications

If this bill is enacted and the current shortage of health care workers continues to be a problem, then it will be necessary to reduce the number of residents at the Veterans Home at King in order to meet state and federal staffing requirements.

Table of Estimated Fiscal Impact of SB 211

Classification	Hours	Average Wage	Annual Cost
CNA/NTA			
Contracted (80%)	26,786.00	\$20.00	\$ 535,720.00
WVH staff overtime (20%)	6,696.00	\$18.78	\$ 125,750.88
LPN			
Contracted (80%)	3,818.00	\$38.00	\$ 145,084.00
WVH staff overtime (20%)	955.00	\$23.90	\$ 22,824.50
NC			
Contracted (80%)	4,939.00	\$45.00	\$ 222,255.00
WVH staff overtime (20%)	1,235.00	\$33.03	\$ 40,792.05
Cost Estimate			\$1,092,426.43
20% Reduction, to be covered by Float Pool			(218,485.29)
Cost of Float Pool			714,116.23
Cost to operate without mandatory OT at WVH			\$1,588,057.37
26 Pay period actual cost (FY 01)			\$ (946,942.08)
Net Increase in Overtime Costs			\$ 641,115.28

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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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		\$641,100	
(FTE Position Changes)		(18.0 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$641,100	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS		641,100	
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			
		State	Local
NET CHANGE IN COSTS		\$641,100	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	
DVA/ Kenneth Abrahamsen (608) 266-0117		Kenneth Abrahamsen (608) 266-0117	
		Date	
		7/26/01	