

Fiscal Estimate Narratives

DHFS 4/4/2006

LRB Number	05-0035/4	Introduction Number	AB-1146	Estimate Type	Original
Description Authorizing access by the long-term care ombudsman or his or her representative to a client or resident in a residential care apartment complex, imposing an annual assessment on occupied apartments of residential care apartment complexes, expanding rights of residents of facilities; minimum staffing requirements for certain nursing homes; requiring audits by the Legislative Audit Bureau; requiring reports; caregiver background checks; quality of nursing home care; requiring the exercise of rule-making authority; and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes to the long term care system.

1) Residential Care Apartment Complexes

The bill changes current law to include residential care apartment complexes (RCACs) in the Long Term Care Ombudsman Program. It is estimated that including RCACs in the Long Term Care Ombudsman Program would result in DHFS receiving an additional 4 complaint investigations annually. DHFS would investigate the additional complaints which is estimated to cost the Department approximately \$2,000 AF (\$1,500 GPR and \$500 FED). The bill imposes an annual assessment of \$12 per year for an occupied residential care apartment which would be credited to a Board on Long Term Care appropriation. Assuming 6,614 apartments and an 80% occupancy rate, the fee would generate approximately \$63,500 PR annually. The bill requires the Department to collect the assessment verifying occupied RCAC apartments. Completing the assessments and written notices of the annual fee and performing onsite verifications of occupied RCAC apartments would require approximately 0.3 FTE, costing the Department approximately \$25,500 AF (\$19,125 GPR and \$6,375 FED per year).

2) Nursing Home Minimum Staffing Requirements

Current law requires nursing homes that do not primarily serve the developmentally disabled to provide each patient with a minimum number of hours of nursing care per day. This bill directs the Department to convert the current minimum nursing hours standards to standards based on a minimum number of registered nurses, licensed practical nurses, and nurse's assistants per resident per work shift per day.

It is assumed that the bill intends that the new standards developed by the Department would require the same general level of nursing home staff as required in the current standards. In addition, under the new standards, if the number of residents in a facility would require a fraction of a staff person, it is assumed that the Department would consider the facility in compliance if the staff person works a partial shift. For example, if the standard required 1 nursing staff for every 12 residents, and a facility has 126 residents, the standard would require 10.5 nursing staff. It is assumed that the Department would consider the facility in compliance if 10 staff work full shifts and one staff person works a half shift.

However, it is possible that some nursing homes may add staff in order to ensure they comply with the new standards. It may be difficult for a facility to schedule staff for partial shifts that precisely match the required staff ratio based on the number of residents at the facility. As a result, a facility may schedule staff for longer shifts than necessary to ensure compliance. In addition, because the bill would require separate staff to resident ratios for each work shift, it is possible that a facility would have to reassign staff from a morning to an evening shift to be in compliance. If so, the facility may incur an additional expense for shift differential pay for those staff.

Based on these assumptions, changes in the bill related to staffing standards could increase nursing home staffing costs and, therefore, costs to the Medical Assistance program and to local units of government that own nursing homes. However, the precise fiscal effect of these changes cannot be estimated.

Under the bill DHFS must submit a report to the Governor and the Legislature with recommendations as to methods by which nursing homes would be more able to effectively recruit and retain caregivers; proposed revised minimum nursing home staff ratios that minimize state costs, maximize access to care, facilitate care of the highest quality, and take into account patient acuity levels; and a proposed revised nursing home Medical Assistance reimbursement methodology.

The Department has no available staff resources to complete this effort. An estimated 1.0 FTE research analyst and 0.5 FTE support positions would be needed on an ongoing basis, at a total cost of \$104,270 GPR.

The bill also requires DHFS to provide to the Legislature annually, at the beginning of each of calendar years 2006-09, a report providing previous year's data for each nursing facility. This report would include information from the preceding year pertaining to personnel expenses and other staff information, costs of nonemployee nursing services, total revenues and expenses, law violations and other related information. It is estimated that this additional reporting would result in an additional 0.5 FTE and \$43,000 GPR per year to obtain and review the information provided, compile the data, and prepare the supplemental report.

3) Criminal Background Checks

Under current law, DHFS must conduct caregiver background checks of health care, long term care, child welfare, and child care providers, and providers must conduct checks of their staff. The bill requires DHFS and providers to check two additional sources when conducting a caregiver background check: information maintained by the Department of Corrections in the registry of sex offenders and information on persons convicted of crimes as specified under the Wisconsin court system on its internet site. The Department is able to check license applicants on the registry of sex offenders and information on persons convicted of crimes, as specified under the circuit court automation system maintained by the Wisconsin court system, over the internet for free. Providers conducting their own background checks on service employees will also be able to perform the check over the internet for no charge. The Department would be able to absorb the minimal staff time to check the two additional sources when performing a background check of license applicants.

4) Quality of Nursing Home Care

The bill requires DHFS to submit to the Legislature a proposal for legislation to create a program to provide grants to nursing homes for quality of care improvement projects. The Department will need to contract with a consultant at a one time cost of \$10,000 GPR to develop the proposal.

Summary

The fiscal effect of this bill consists of:

- 1) Approximately \$63,500 in program revenue generated annually to the Board on Aging and Long Term Care.
- 2) Cost increases to DHFS administrative costs of \$10,000 GPR on a one time basis and \$174,770 All Funds (\$6,875 FED and \$ 167,895 GPR) and 2.3 FTE on an on-going basis.
- 3) Indeterminate costs related to nursing home staffing standards.

Long-Range Fiscal Implications