

Fiscal Estimate Narratives

DHFS 2/27/2008

LRB Number	07-1705/1	Introduction Number	SB-512	Estimate Type	Original
Description Mandatory overtime hours worked by health care workers employed by health care facilities and providing penalties					

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 are not available.

The Department of Health and Family Services 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 (MHI) are funded with GPR and PR funds, with Medical Assistance contributing approximately 51 per cent of the revenue for program revenue expenses. The remaining 49 per cent 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 funded primarily by general purpose revenues.

DHFS would require additional staff to eliminate forced overtime except in circumstances permitted in this bill. Approximately 61 percent of overtime hours on average, across all seven DHFS institutions, are forced for classifications covered by this bill. It is estimated the bill would require \$2,024,300 GPR and 34.00 GPR FTE, \$4,429,200 PR and 85.00 PR FTE. Of the PR costs paid to the institutions, \$2,059,100 would be federal Medicaid revenue, \$1,491,100 state Medicaid GPR revenue, and \$879,000 is county and other third party revenue. The total GPR cost of the bill is \$3,515,400.

For each biennial budget, the Department re-estimates its overtime costs at the institutions. In future biennia, the cost of these positions will be offset in part by reductions in the Department's overtime budget.

It is estimated that the increased cost to the counties and other insurance would be \$879,000. This increase would result from the increased cost of care to those patients at the Mental Health Institutes for which the counties and/or private insurance are responsible.

There may be additional costs for the Wisconsin Veterans Home under the bill. However, there will be no additional payments from the Medicaid program because the Home is 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, but it is not possible to estimate those 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 proprietary and not-for-profit nursing homes and hospitals 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.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Mandatory overtime hours worked by health care workers employed by health care facilities and providing penalties			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$119,000 one-time costs (\$34,000 GPR and \$85,000 PR).			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$6,096,500		\$
(FTE Position Changes)	(119.0 FTE)		
State Operations - Other Costs	357,000		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$6,453,500		\$
B. State Costs by Source of Funds			
GPR	3,515,400		
FED	2,059,100		
PRO/PRS	879,000		
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, ets.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED	2,059,100		
PRO/PRS	879,000		
SEG/SEG-S			
TOTAL State Revenues	\$2,938,100		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$6,453,500		\$
NET CHANGE IN REVENUE	\$2,938,100		\$
Agency/Prepared By		Authorized Signature	Date
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