

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1994-01
Bill No.: HB 802
Subject: Health Care Professionals; Hospitals; Nurses
Type: Original
Date: April 5, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$188,112)	(\$205,729)	(\$210,983)
Total Estimated Net Effect on General Revenue Fund	(\$188,112)	(\$205,729)	(\$210,983)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Health Initiatives Fund	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** assume they would need to define terms and the process of establishing a standardized acuity-based patient classification for hospitals and ambulatory surgical centers (ASCs). DOH assumes it would provide a system to report failures to comply with the requirements of the legislation and for public access to information regarding reports of inspections, etc. DOH would be required to monitor and track the annual prospective staffing plan together with a written certification that the staffing plan would be sufficient to provide adequate and appropriate delivery of health care services to patients. DOH would need to determine minimum direct-care registered nurse to patient ratios by type of unit and assess and collect fines relative to violations that would be deposited in the health initiatives fund.

DOH states it would post violation notices on the website. The Office of Information Systems (OIS) in the DOH was contacted and indicated there would be no additional cost.

DOH estimates additional staff required would be two additional FTEs (Health Facility Nursing Consultants) to complete the survey processes by going onsite to observe the staffing needs in hospitals and ASCs and on clerical office support. The 2 Health Facility Nursing Consultants would also assist with the formulation of the systems and to assure compliance with the

ASSUMPTION (continued)

nurse-patient ratio.

Revenue from fines to the health initiatives fund would be \$25,000 daily for each facility that was understaffed according to standards set in this proposal. DOH states it has no way to determine how much revenue would be generated from this section. However, it would only take four instances of the type of understaffing in the legislation to occur to produce fines of \$100,000 in a single year.

Officials from the **Office of the Secretary of State (SOS)** state this proposal establishes nurse-to-patient ratios for hospitals under an acuity-based patient classification system. This proposal would result in the Department of health and Senior Services promulgating rules to implement this proposal. These rules will be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 14 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$861 in FY 06.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Oversight assumes local hospitals could be fiscally impacted as result of this proposal for the extra recordkeeping necessary and possible additional staff costs. Oversight assumes hospitals would have an unknown cost.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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GENERAL REVENUE

Costs - Department of Health and Senior Services

Personal Services (3 FTE)	(\$104,417)	(\$128,433)	(\$131,643)
Fringe Benefits	(\$44,544)	(\$54,790)	(\$56,159)
Expense and Equipment	(\$39,151)	(\$22,506)	(\$23,181)

ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$188,112)</u>	<u>(\$205,729)</u>	<u>(\$210,983)</u>
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HEALTH INITIATIVES FUND

Income - Department of Health and Senior Services

Fines	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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ESTIMATED NET EFFECT ON HEALTH INITIATIVES FUND	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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LOCAL FUNDS

Costs - Local Hospitals
 Recordkeeping costs

	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

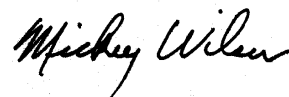
This proposal requires hospitals and ambulatory surgical centers to implement an acuity-based patient classification system. Minimum direct-care registered nurse-to-patient ratios are specified for various units within a hospital or ambulatory surgical center. As a condition of licensing, each hospital or ambulatory surgical center must annually submit to the Department of Health and Senior Services a prospective staffing plan which is sufficient to meet the specified ratios.

Hospitals and ambulatory surgical centers can be fined \$25,000 for failing to adhere to a daily written nurse staffing plan. The fines collected will be deposited into the Health Initiatives Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Secretary of State



Mickey Wilson, CPA
Director
April 5, 2005