

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 930 (Delegate Hecht. *et al.*)

Appropriations

Nursing Homes - Increased Hourly Wage for Certified Nursing Assistants

This bill requires the Department of Health and Mental Hygiene (DHMH) to take affirmative action to improve working conditions and increase retention of nursing home direct care personnel. DHMH must modify the Medicaid reimbursement methodology to increase the hourly wage of certified nursing assistants by a minimum of \$2 per hour. DHMH may adopt regulations as necessary to carry out the bill's requirements.

Fiscal Summary

State Effect: \$22.2 million expenditure increase (50% federal funds, 50% general funds) for Medicaid in FY 2001. Any costs associated with improving working conditions for direct care personnel and increasing staff retention could be handled within DHMH's existing budgeted resources. Revenues would not be affected.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	11.1	15.7	16.7	17.7	18.8
FF Expenditures*	11.1	15.7	16.7	17.7	18.8
Net Effect	(\$22.2)	(\$31.4)	(\$33.4)	(\$35.4)	(\$37.6)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - =indeterminate effect

**Federal fund expenditures are reimbursable by the federal government.*

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: There are no statutory provisions for a mandatory wage for certified nursing assistants.

Background: Chapters 382 and 383 of 1999 established a Task Force on the Quality of Care in Maryland Nursing Facilities. The task force issued its report to the Governor and the General Assembly in December 1999, with the following findings: (1) nursing home residents have more complex and acute medical needs than in previous decades; (2) personal care needs of residents are not being met and there has been a decline in the quality of care in Maryland's nursing homes; (3) nursing assistants provide most of the care in nursing homes and are paid poorly, resulting in large turnover and continued staff shortages; (4) the federal Balanced Budget Act of 1997 reduced federal Medicare reimbursement to nursing homes; (5) the 1998 federal Nursing Home Initiatives had a major, detrimental impact on Maryland's regulatory system, compounded by DHMH's difficulty in recruiting qualified survey staff; (6) DHMH has made complaint investigation a higher priority as directed by the Health Care Financing Administration; (7) State licensure laws for enforcing action against nursing homes with poor quality of care are not effective; (8) nursing homes are not practicing internal health quality assurance; (9) advocacy efforts on the behalf of nursing home residents are underfunded and need to be strengthened; and (10) councils of residents' family members can be a valuable source of advocacy for residents if they operate independently of nursing home administration.

This bill implements the task force's recommendation to modify Medicaid reimbursement to increase nursing aid hourly wages by \$2 per hour.

State Fiscal Effect: Medicaid expenditures will increase by \$22.2 million (50% federal funds, 50% general funds) in fiscal 2001, which reflects the bill's October 1, 2000, effective date. The estimate assumes the bill's requirements will increase Medicaid expenditures to \$4.87 per patient day for fiscal 2001 and that 6.1 million patient days would be affected. Future year expenditures reflect annualization and 6% health care inflation.

The bill requires DHMH to take affirmative action to improve working conditions and to increase retention of nursing home direct care personnel. According to the task force report, there are several ways DHMH can meet the bill's requirements, including: (1) seeking cooperation from the Board of Nursing to develop pilot programs that establish career ladders for nursing assistants; (2) requiring nursing homes to increase the number of hours of in-service training offered to nursing assistants; (3) encourage nursing homes to establish mentoring programs for nursing assistants; and (4) encouraging nursing homes to convert vacant bed space to child daycare centers as a benefit to attract and retain nursing staff.

It is assumed that these recommendations can be carried out through DHMH regulations and overseen by the Office of Health Care Quality and the Board of Nursing. Any costs

associated with carrying out these tasks are assumed to be minimal and absorbable within DHMH's budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): *Report of the Task Force on Quality of Care in Maryland Nursing Facilities (December 1999)*, Department of Aging, Maryland Insurance Administration, Department of Health and Mental Hygiene (Office of Health Care Quality, Board of Nursing, Medicaid), Department of Legislative Services

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