

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 662 (Senators Della and Sfikas)

Finance

Nursing Home Improvement Act of 2000

This bill establishes a 16-member Long-Term Care Advisory Panel to study and propose methods of improving the quality of long-term nursing care. The panel must consider issues regarding current and future long-term care needs, including staffing, reimbursement, clinical matters, computer technology, staff recruitment, and State partnerships with interested parties. The panel must issue a report containing its findings by September 1 of each year to the Governor and the General Assembly.

The bill also requires the Department of Health and Mental Hygiene (DHMH) to take steps to improve the quality of nursing home care, including: (1) hiring sufficient surveyors within the Quality Assurance Office to meet statutory and regulatory oversight requirements; (2) issuing requests for proposals investigating the use of computer software packages by vendors to improve the quality of care in nursing homes; (3) establishing a Technical Assistance Unit to facilitate training of nursing home staff and dissemination of best practices materials; (4) seeking a waiver from the federal Health Care Finance Administration (HCFA) to create an alternative survey process based on performance measures and consumer input; and (5) working with the Department of Aging to establish minimum staffing and credential levels for the Ombudsman Program to ensure that it is performing and funded adequately.

Fiscal Summary

State Effect: \$291,800 general fund expenditure increase for DHMH's Office of Health Care Quality in FY 2001. Future year expenditures reflect annualization and inflation. The bill is silent regarding expense reimbursements for the panel members and staffing for the panel; however, any such costs are assumed to be minimal and absorbable within existing resources of the governmental entities represented on the panel. Revenues would not be

affected.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$291,800	\$350,200	\$366,700	\$384,300	\$402,400
Net Effect	(\$291,800)	(\$350,200)	(\$366,700)	(\$384,300)	(\$402,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapters 382 and 383 of 1999 established a Task Force on the Quality of Care in Maryland Nursing Facilities. There are no provisions for a Long-Term Care Advisory Panel. Likewise, there are no provisions requiring DHMH to establish a technical assistance unit to improve the quality of care in nursing homes, nor is there a requirement that DHMH seek a waiver from HCFA to create an alternative survey process. Currently, DHMH's Office of Health Care Quality (OHCQ) conducts nursing home surveys on a complaint-driven basis.

Background: The Task Force on the Quality of Care in Maryland Nursing Facilities 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 HCFA; (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 of developing a Technical Assistance Unit within DHMH to help nursing homes improve their quality of care.

State Fiscal Effect: General fund expenditures for the OHCQ may increase by \$291,774 in fiscal 2001, which reflects the bill's October 1, 2000, effective date. This estimate reflects the cost of hiring one program administrator III, one health facility surveyor nurse, one registered dietitian II, and one sanitarian registered IV to administer DHMH's new Technical Assistance Unit. In addition, it reflects the cost of hiring three health facility surveyor nurses to conduct nursing home surveys. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$252,894
Operating Expenses	<u>38,880</u>
Total FY 2001 State Expenditures	\$291,774

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: HB 1153 (Delegate Redmer, *et al.*) - Environmental Matters.

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

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