

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE
 Revised

Senate Bill 764 (Senator Teitelbaum, *et al.*) (Task Force on Quality of Care in Nursing Homes)

Finance

Long-Term Care Ombudsman Program - Staffing Ratios

This bill requires the Department of Aging (MDOA) to establish and submit a budget that supports minimum staffing ratios for the ombudsman program at the higher of: (1) one full-time ombudsman per 1,000 long-term care beds; (2) 20 hours of ombudsman time per week per area agency; or (3) ten hours of ombudsman time per week per nursing home.

Fiscal Summary

State Effect: General fund expenditures for the MDOA could increase by \$1,684,600 in FY 2001. Federal fund expenditures could increase by \$233,200 in FY 2001. Future year expenditures reflect inflation and annualization.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expend.	1,684,600	2,381,100	2,515,500	2,656,700	2,804,900
FF Expend.	233,200	311,000	311,000	311,000	311,000
Net Effect	(\$1,917,800)	(\$2,692,100)	(\$2,826,500)	(\$2,967,700)	(\$3,115,900)

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

Local Effect: Expenditures and revenues for local governments could both increase by \$1,850,481 in FY 2001.

Small Business Effect: None.

Analysis

Current Law: Maryland's Ombudsman Program does not have required minimum staffing

ratios.

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 the Department of Health and Mental Hygiene's (DHMH) 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.

Local ombudsmen receive, investigate, and seek to resolve complaints from, or on behalf of, residents of long-term care facilities. The State ombudsman is responsible for training local ombudsmen, providing technical assistance, and providing the overall leadership for the program.

This bill implements the task force's recommendation to increase ombudsman staffing ratios to provide sufficient advocacy for nursing home residents. The task force estimated that State expenditures to implement this recommendation would be \$1.9 million for fiscal 2001.

State Fiscal Effect: MDOA expenditures may increase by \$1,917,807 in fiscal 2001, which reflects the bill's October 1, 2000 effective date. Future year estimates reflect annualization and inflation.

This estimate includes \$1,850,481 in grants for each county and Baltimore City to fund additional ombudsman positions, based on the following facts and assumptions:

- MDOA plans to use the ten hours of ombudsman time per week per nursing home to determine minimum staffing ratios.
- There are currently 261 nursing homes in 24 jurisdictions (23 counties and Baltimore City).
- 135,720 hours of ombudsman time are required to meet the bill's minimum staffing ratio requirements (261 x 10 hours x 52 weeks = 135,720).

- The average hourly wage for an ombudsman is \$18.03.

In addition, MDOA requires one human services specialist and one office secretary to administer the grants to local entities. Total administrative costs are \$67,319 for fiscal 2001. This estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Future year estimates reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Local Fiscal Effect: Local jurisdictions will receive \$1,850,481 to hire sufficient ombudsmen to meet the minimum required staffing ratios. Expenditures are expected to equal revenues received from the State.

Additional Information

Prior Introductions: None.

Cross File: HB 865 (Delegate Klausmeier, *et al.*) - Environmental Matters.

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

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