

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE
Revised

House Bill 626

(Delegate Hammen)

Environmental Matters

Economic and Environmental Affairs

Nursing Staff Agencies - Quality Oversight and Improvement

This bill transfers regulatory responsibility for nursing staff agencies from the Board of Nursing to the Office of Health Care Quality (OHCQ).

The bill is effective January 1, 2002.

Fiscal Summary

State Effect: OHCQ general fund expenditures would increase by \$71,300 in FY 2002. Board of Nursing special fund revenues would decrease by \$6,600 beginning in FY 2002 and OHCQ general fund revenues would increase by the same amount from annual licensure fees. Future year estimates reflect annualization and inflation.

| (in dollars) | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------|------------|-------------|-------------|-------------|-------------|
| GF Revenue | \$6,600 | \$13,100 | \$13,100 | \$13,100 | \$13,100 |
| SF Revenue | (6,600) | (13,100) | (13,100) | (13,100) | (13,100) |
| GF Expenditure | 71,300 | 132,500 | 138,900 | 145,800 | 153,200 |
| Net Effect | (\$71,300) | (\$132,500) | (\$138,900) | (\$145,800) | (\$153,200) |

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

Local Effect: None.

Small Business Effect: Meaningful. Small business nursing staff agencies would be subject to more stringent regulatory oversight and subject to civil penalties if found in violation of the bill's requirements.

Analysis

Bill Summary: The bill requires OHCQ to license nursing staff agencies before they may refer nursing personnel to a health care facility. The bill permits the OHCQ to conduct an inspection of each licensed nursing staff agency to investigate a complaint. OHCQ must verify that registered nurses, licensed practical nurses, and certified nursing assistants who are referred for employment by the nursing staff agency are licensed or certified by the Board of Nursing. OHCQ must verify that nursing personnel have completed continuing education requirements. OHCQ must verify that a nursing staff agency has developed, documented, and implemented procedures for: (1) selecting and verifying credentials of nursing personnel; (2) validating experience prior to referral; (3) verifying that nursing personnel are of satisfactory health status and current immunization status; (4) verifying proper immigration status; (5) performing drug screening before initial referral of nursing personnel to a client facility if the client facility has a similar requirement for employees; (6) performing drug testing on nursing personnel when there is probable cause or when a client facility requests a drug test; (7) verifying criminal background checks if the client facility has a similar requirement for employees; (8) verifying references; (9) tracking and acting on serious or life-threatening complaints; and (10) referral of nursing staff to the board when there are grounds for action.

A nursing staff agency in violation of the bill's requirements is subject to a penalty of: (1) up to \$2,500 per violation or per day for the first offense; (2) up to \$5,000 per violation or per day for the second offense; and (3) up to \$10,000 per violation or per day for each subsequent offense until the nursing staff agency complies with the bill's requirements. Fines collected must be deposited into the Health Care Quality Account.

The bill also provides that a nursing staff agency cannot knowingly provide or refer a nursing assistant who is not certified to a health care facility to render delegated nursing services.

Current Law: The Board of Nursing has regulatory oversight for nursing staff agencies. The board does not have survey or inspection authority over nursing staff agencies. Upon request of a nursing staff agency, the board must verify the licensure status of any nurse that the nursing staff agency plans to refer to a health care facility. The board must report to a nursing staff agency, at least quarterly, any disciplinary action taken against a nurse. The board charges a \$100 registration fee and a \$25 annual renewal fee for each nursing staff agency.

State Expenditures: OHCQ general fund expenditures would increase by \$71,256 in fiscal 2002, which accounts for the bill's January 1, 2002 effective date. This estimate

reflects the cost of two health facilities surveyor nurses to conduct inspections of 225 nursing staff agencies around the State. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|-----------------|
| Salaries and Fringe Benefits | \$58,161 |
| Ongoing Operating Expenses | <u>13,095</u> |
| Total FY 2002 State Expenditures | \$71,256 |

Future year expenditures reflect: (1) full salaries with 6.5% annual increases in fiscal 2003, 4.5% annual increases thereafter, with 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Board of Nursing registers nursing staff agencies but it does not have any other type of regulatory authority of these agencies. Accordingly, board operations and expenditures would not be materially affected.

State Revenues: Special fund revenues for the Board of Nursing would decrease by \$6,563 in fiscal 2002 from the loss of nursing staff agency registration fees. The board registers approximately 100 new agencies annually at \$100 each, and renews 125 agencies at \$25 each. It is assumed that half of these agencies will register or renew their registrations between January 1, 2002 and June 30, 2002. OHCQ general fund revenues would increase by the exact amount because nursing staff agencies will pay their licensure fees to OHCQ. Future year estimates reflect annualization and assume the number of agencies remains constant.

The civil penalty provisions of this bill are not expected to significantly affect State revenues.

Additional Information

Prior Introductions: None.

Cross File: SB 769 (Senator Collins) – Economic and Environmental Affairs.

Information Source(s): Department of Health and Mental Hygiene (Office of Health Care Quality, Board of Nursing), Department of Legislative Services

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