

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 639 (Delegate Wood, *et al.*)
 Economic Matters

Nurse Registry - Covered Employment - Unemployment Insurance and Workers' Compensation

This bill removes home health care practitioners who are referred through licensed nurse registries as covered employees for unemployment insurance (UI) and workers' compensation insurance in specified circumstances.

Fiscal Summary

State Effect: This bill would not materially affect State government operations.

Unemployment Insurance Trust Fund: Unemployment Insurance Trust Fund revenues would decline by \$4.0 million in FY 2004 due to loss of covered employee status by home health care practitioners. Out-year figures reflect 1% inflation. This bill would have a potentially minimal impact on workers' compensation expenditures.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
NonBud Rev.	(\$4.0)	(\$4.0)	(\$4.1)	(\$4.1)	(\$4.2)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$4.0)	(\$4.0)	(\$4.1)	(\$4.1)	(\$4.2)

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

Injured Workers' Insurance Fund (IWIF): To the extent that IWIF's customers are nurse registries, IWIF would lose premium revenues.

Local Effect: None.

Small Business Effect: Potentially significant for employment agencies, home health care practitioners, and small businesses that require the services of home health care practitioners.

Analysis

Bill Summary: Home health care providers will not be covered employees for UI or workers' compensation insurance if: (1) they have the option of rejecting or accepting the referral; (2) the health care practitioner is free from control and direction by the licensed nurse registry in setting personal work hours, rate of compensation, and the level of service and standard of care to be provided by the practitioner; (3) the referral is made to the first available health care practitioner who meets the criteria established by the individual, institution, or entity; (4) the health care practitioner is paid by the individual, institution, or other entity and not by the licensed nurse registry; (5) the health care provider and licensed nurse registry enter into a written agreement that clearly indicates that it is the responsibility of the health care practitioner to pay State and federal income taxes and to make contributions to Social Security for self-employment and the health care practitioner is not a covered employee through the nurse registry; and (6) the health care practitioner has an ongoing right to accept referrals from agencies or to otherwise make the practitioner's services available to the general public.

Current Law: Employees of health care providers who are employed by a nurse registry are covered employees for UI and workers' compensation. Employees of an employment agency are not covered employees.

Unemployment Insurance Trust Fund: There are currently 46 employment agencies licensed in the State that are identifiable as nurse registries. These agencies have an estimated 6,900 employees who would lose coverage. The resulting loss in UI Trust Fund revenues will be \$1,466,250 in fiscal 2004.

The Department of Labor, Licensing, and Regulation estimates that 214 of 429 nursing staff agencies licensed by the Department of Health and Mental Hygiene and 25 of 50 national nursing staff corporations would change their classification to nurse registry. Those agencies have an estimated 11,950 employees that would lose coverage. The resulting loss in UI Trust Fund revenues will be \$2,539,937 in fiscal 2004.

Out-year revenue losses reflect no further conversions to nurse registries and a constant 2.5% tax rate on the first \$8,500 in wages.

Small Business Effect: For employment agencies that are able to remove employees from UI and workers' compensation coverage, this bill will have a significant positive effect by decreasing costs. For employees who become self-employed, one-person small businesses, this bill will have significant impact due to loss of coverage for unemployment and workers' compensation. For small businesses that require the services of home health care practitioners, this bill may increase liability costs for uncovered workers who receive accidental injuries in the course of performing home health care duties.

Additional Information

Prior Introductions: None.

Cross File: SB 597 (Senator Della, *et al.*) – Finance.

Information Source(s): Department of Legislative Services

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