

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 550 (Senators Harris and Hollinger)
 Education, Health, and Environmental Affairs Health and Government Operations

Health - General - Nursing Referral Service Agencies - Licensing

This emergency bill requires the Department of Health and Mental Hygiene (DHMH) to license nursing referral service agencies. Agencies must pay a \$1,000 fee for a three-year license.

Fiscal Summary

State Effect: DHMH general fund expenditures could increase by \$84,000 in FY 2005. DHMH general fund revenues could increase by \$50,000 in FY 2005. Future year estimates reflect annualization, inflation, new licenses, attrition, and triennial licensure.

| (in dollars) | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|----------------|------------|------------|-------------|------------|-------------|
| GF Revenue | \$50,000 | \$3,000 | \$3,000 | \$50,000 | \$6,000 |
| GF Expenditure | 84,000 | 102,000 | 107,800 | 114,000 | 120,700 |
| Net Effect | (\$34,000) | (\$99,000) | (\$104,800) | (\$64,000) | (\$114,700) |

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: A nursing referral service agency is defined as one or more individuals engaged in the business of screening and referring, directly or through independent contractors, licensed health professionals or care providers to clients for the provision of

nursing services, home health aid services, or other home health care services at the client's request.

A nursing referral service agency must:

- obtain a license;
- develop and implement a screening procedure for licensed health care professionals and care providers including a State criminal history records check or a private agency background check, licensure or certification verification, a basic health screening, reference verification, employment history verification, completion of I-9 forms, and an in-person interview before any referrals are made;
- institute a client complaint investigation process that includes notice to the client or the client's representative of the process and complaint investigation protocols;
- notify clients of DHMH's complaint hotline number for complaints about the services provided by a referred professional; and
- allow clients to accept or reject any licensed health care professional or care provider referred by the agency.

A nursing referral service agency may receive a fee or other compensation for providing the service. A contractual arrangement may provide that it is not responsible for paying any part of the licensed health care professionals' or care providers' compensation. A nursing referral service agency may provide administrative assistance.

The bill sets requirements for the criminal history records check and private agency background check.

DHMH may suspend or revoke a license if the nursing referral service agency is operating in violation of the bill's requirements. Granting a license does not constitute a finding of any fact for purposes of any other provision of law.

An individual may not operate or attempt to operate or engage in or hold one's self out as operating or engaged in the business of a nursing referral service agency unless the individual is licensed. Violators are guilty of a misdemeanor and on conviction are subject to a maximum \$1,000 fine for the first offense and \$10,000 fine for each subsequent offense. Each day a violation is continued is considered a separate offense.

DHMH must adopt regulations to implement the bill. The regulations may not preclude an agency from operating with independent contractors.

Current Law: A nurse registry is regulated by DHMH as a home health care provider. DHMH regulates and licenses home health agencies, which provide residential skilled nursing services, home health aid services, and at least one other home health care service that are centrally administered. Until last year, nurse registries had been regulated by the Department of Labor, Licensing, and Regulation (DLLR) as an employment agency. Chapter 316 of 2003 transferred regulatory authority from DLLR to DHMH. No licenses have yet been issued by DHMH.

Background: There are 50 nursing referral service agencies operating in Maryland. Those agencies' current licenses, issued by DLLR, expire this summer.

State Revenues: General fund revenues could increase by \$50,000 in fiscal 2005. DHMH would charge each of the 50 nursing referral service agencies a \$1,000 triennial licensure fee. Future year estimates reflect triennial licensure, a 5% increase in nursing referral service licenses annually (three new licenses), and a 5% license attrition rate.

State Expenditures: General fund expenditures could increase by an estimated \$83,952 in fiscal 2005, which accounts for 90-day start-up delay. This estimate reflects the cost of hiring one health facilities survey nurse and one office secretary to license and oversee approximately 50 nursing referral service agencies. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|-----------------|
| Salaries and Fringe Benefits | \$68,174 |
| Operating Expenses | <u>15,778</u> |
| Total FY 2005 State Expenditures | \$83,952 |

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Aging, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2004
mll/jr Revised - Senate Third Reader - March 26, 2004
Revised - Enrolled Bill - April 30, 2004

Analysis by: Susan D. John

Direct Inquiries to:
(410) 946-5510
(301) 970-5510