SB 765

Department of Legislative Services

Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 765 (Senator Conway) (By Request)
Finance and Education, Health, and Environmental Affairs

Hospitals - Nursing Care Committees, Staffing Plans, and Commission on Nursing Acuity

This bill requires each hospital in the State to • create a nursing care committee; • adopt and implement a hospitalwide written staffing plan; and • identify an acuity model for adjusting the written staffing plan for each inpatient care unit. The Health Services Cost Review Commission is authorized to require hospitals to submit information on the nursing workload in each unit. The bill also establishes a Commission on Nursing Acuity staffed by the Department of Health and Mental Hygiene.

Fiscal Summary

State Effect: Special fund expenditures for HSCRC and the Board of Nursing could increase by $213,500 in FY 2009 to hire staff to implement the bill. Special fund revenues could increase to cover the additional staffing costs. Medicaid expenditures (50% general funds, 50% federal funds) could increase by as much as $19,000 in FY 2009 due to an anticipated increase in HSCRC user fees to cover the commission's expenditures under the bill. Future years reflect annualization and inflation.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SF Revenue	-	-	-	-	-
GF Expenditure	9,500	11,900	12,400	13,100	13,700
SF Expenditure	213,500	267,200	280,400	294,300	308,900
FF Expenditure	9,500	11,900	12,400	13,100	13,700
Net Effect	($232,500)	($291,000)	($305,200)	($320,500)	($336,300)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Nursing Care Committees: Each nursing care committee must • provide for the minimum direct care registered nurse-to-patient staffing needs of each unit; • recommend written hospitalwide staffing plans; and • collect data regarding hospital nurse vacancy rates. In addition, at least twice a year each committee has to • select, implement, and evaluate minimum staffing levels and specified acuity models; and • review nurse-to-patient staffing guidelines and acuity tools. At least half of the members of a committee must be professional registered nurses who provide direct patient care.

Hospitalwide Written Staffing Plans: Each hospitalwide staffing plan must consider the recommendations of the nursing care committee, as well as specified factors such as the complexity of complete care, patient acuity, and nursing vacancy rates. The written staffing plan must require • the unit nurse manager or a designee to conduct an ongoing assessment of the patient acuity levels on a unit and the nursing staff needed; and • the identification of additional registered nurses for safe staffing to deliver direct patient care when the unexpected needs of a patient exceed the planned workload. The written plan must be posted in a conspicuous location accessible by patients and staff.

Commission on Nursing Acuity: The commission must • review the methodology used in the State to cost and bill for hospital nursing services and compare these methods with those in other states; • determine the hours of care and direct and indirect costs of hospital nursing care for individual patients and by diagnosis; • identify methods to allocate nursing care hours and costs to adjust reimbursement; • establish a mechanism for hospitals to record and report nursing hours and charges on patient bills; • develop methods to record daily nursing hours and charges; • establish a unique nursing cost center at each facility; • create a method to collect nursing cost center data and report it publicly; • evaluate nursing performance; • require HSCRC to establish a mechanism for hospitals to collect data on nursing costs, charges, and hours of care and report it publicly by patient diagnosis among hospitals; • develop a public reporting mechanism to track specified nursing trends over time and across hospitals; • develop a method to identify top- and lowest-performing hospitals with regard to nursing care; and • create a mechanism for top-performing hospitals to receive specified financial incentives.

Members of the commission may not receive compensation but are entitled to reimbursement for expenses under standard State travel regulations. The commission must report annually by January 1 to specified standing committees on the implementation of the bill.

Background: Increasing severity of illness and complexity of care among hospital patients has peaked interest in mandatory nurse-to-patient staffing ratios, such as those adopted in California. Recently, some nursing organizations have proposed an alternative approach to staffing ratios that would link nursing costs with reimbursement by billing for nursing care based on the actual hours of care delivered. Nursing care is currently treated as a fixed cost for hospitals and billed as a set per diem room and board fee, despite the variability of nursing intensity. Nationally, nursing care represents about one-third of all hospital expenditures and roughly half of all direct care costs.

Examples of this approach can be found in other states. For example, New York has established a separate nursing intensity weight for each diagnosis-related group in order to adjust Medicaid payments to hospitals, while the Medical University of South Carolina Medical Center uses a nursing intensity database to record patient-specific direct patient care hours across 11 dimensions per shift.

State Fiscal Effect: Combined Board of Nursing and HSCRC special fund expenditures could increase by $213,460 in fiscal 2009 to implement the bill. As both entities are special funded by user fees, special fund revenues could also increase to cover the higher expenditures to the extent the fund balance is not sufficient to cover them.

Board of Nursing special fund expenditures could increase by $108,119 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of two regular positions (one research analyst and one nurse program administrator) to assist with implementation of the commission and process and analyze data. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	$95,905
Other Operating Expenses	12,214
Total FY 2009 Board of Nursing Expenditures	**$108,119**

If the Board of Nursing's fund balance is not sufficient to cover these additional staff, license fees for nurses could increase. At the end of fiscal 2008, the fund balance is

expected to be $1.2 million, but it is anticipated to drop to $62,861 by the end of fiscal 2009 as the board draws down this balance.

HSCRC special fund expenditures could increase by $105,341 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of two regular positions (health policy analysts) to assist with implementation of the commission, establish a mechanism for hospitals to collect required data, and report publicly a comparison of the data. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	$96,246
Other Operating Expenses	9,095
Total FY 2009 HSCRC Expenditures	**$105,341**

HSCRC typically does increase user fees to cover any additional expenditures; therefore, Medicaid expenditures could increase by at least $18,961 (50% general funds, 50% federal funds) annually, beginning in fiscal 2009 as a result of increased hospital rates associated with a higher HSCRC user fee assessment. Medicaid's share of total hospital revenues is approximately 18% annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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