


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0083
Prime Sponsor(s): Sen. Tochtrop
 Rep. Frangas

Date: January 8, 2007
Bill Status: Senate Health & Human Services
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING NURSE STAFFING LEVELS IN HOSPITALS.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
NET TOTAL		
State Revenue	\$ 0	Increase Not Quantified
State Expenditures	\$ 96,437	\$ 86,068
FTE Position Change	1.7 FTE	1.5 FTE
State Revenue Detail		
General Fund	\$ 0	Increase Not Quantified
State Expenditures Detail		
General Fund	\$ 96,437	\$ 86,068
Effective Date: Upon Signature of the Governor		
Appropriation Summary for FY 2007-2008: See State Appropriations section of the fiscal note.		

Summary of Legislation

This Health Care Task Force bill requires hospitals to develop and implement a staffing plan for nursing services by August 15, 2007. The plan must be developed in collaboration with a staffing committee with one-half the members being registered nurses who provide direct patient care. Hospitals must file their staffing plans and annual updates with the Department of Public Health and Environment. A hospital's staffing plan must include the following:

- a minimum skill mix for each patient care unit in the hospital;
- appropriate limits on the use of agency and traveling nurses;
- adequate administrative staffing to ensure that nurses providing direct patient care are not hindered;
- a process for an annual internal review; and
- compliance with any collective bargaining agreements.

The bill requires hospitals to maintain daily records of the number of patients in each care unit at the end of each standard shift; the number of admissions, discharges, transfers, and observation patients in each care unit during each shift; and the skill mix of those providing direct patient care during each shift. In addition at least twice each year, hospitals must collect and report hospital level data on nursing care hours and the average number of pressure ulcers and falls.

The hospital staffing plans and the nurse staffing information required by the bill must be made available to the public as part of the Hospital Report Card established by HB 06-1278.

The Department of Public Health and Environment is required to investigate complaints of violations of the bill. It may impose civil penalties up to \$5,000 per day, per violation, or revoke a hospital's license for violations. Any penalties are considered public information. The department must also provide an annual report to both the Senate and House Health and Human Services Committees.

State Revenue

State revenue to the General Fund is not expected to change in FY 2007-08, but will increase FY 2008-09 and subsequent years. The bill specifies that the Department of Public Health and Environment may impose civil penalties up to \$5,000 per day per violation. At this time, the fiscal note assumes that no penalties will be assessed and collected until FY 2008-09. A high level of hospital compliance is expected resulting in a minimal amount of penalty revenue, but until the Board of Health adopts enforcement procedures and a schedule of penalties, penalty revenue cannot be estimated. Revenue from civil penalties not otherwise appropriated in the bill is credited to the General Fund.

State Expenditures

General Fund expenditures are expected to increase by \$96,437 and 1.7 FTE in FY 2007-08 and by \$86,068 and 1.5 FTE in FY 2008-09 for the Department of Public Health and Environment. These costs are based on the following assumptions:

- annually, Colorado's 91 hospitals will each submit one staffing plan and two nurse staffing information reports;
- the department will assess the timeliness and completeness of the reports, but it will not evaluate the quality;
- the department will receive and investigate 227 complaints/reports of deviation from staffing plans;
- the Board of Health will adopt rules to implement the bill including due dates for hospital information, submission procedures, enforcement procedures, and a schedule of penalties;
- the department will work with the Colorado Hospital Association to include the staffing plans and information in the Hospital Report Card;
- the department will implement electronic submission of hospital information to assure a consistent report format and to provide a more efficient method of searching and archiving the data; and
- starting in the second year, five enforcement actions will be completed.

These activities require 1.7 FTE and related operating and one-time costs in FY 2007-08, including 1.0 FTE Health Professional IV, 0.4 FTE Administrative Assistant III, and 0.3 FTE IT Professional III. In FY 2008-09, requirements for the administrative assistant are reduced to 0.2 FTE once electronic report submission is available.

Department of Human Services. The Mental Health Institutes and the State and Veterans Nursing Homes are required to develop staffing plans and report information as a result of this bill. The plans are likely to reduce the flexibility these institutions have in responding to their changing environment and may increase nurse recruiting and overtime costs. In addition, the State and Veterans Nursing Homes must comply with regulations concerning staffing of the Department of Veterans Affairs. Until the staffing plans are developed, specific costs cannot be estimated. At this time, the fiscal note assumes that any change to expenditures will be addressed during the annual budget process.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

State Appropriations

For FY 2007-08, the fiscal note indicates that the Department of Public Health and Environment should receive an appropriation of \$96,437 and 1.7 FTE from the General Fund.

Departments Contacted

Public Health and Environment
Judicial

Human Services
Law