

N.C. GENERAL ASSEMBLY LEGISLATIVE FISCAL NOTE

Fiscal Research  
733-4910

|                                    |                        |                  |                          |
|------------------------------------|------------------------|------------------|--------------------------|
| Prepared By: Manny Marbet          | Date Prepared: 3-14-89 | Bill No.: HB 319 | Edition: 1               |
| Approved By: Tom Covington<br>TOMC |                        |                  | Sponsor: Nesbitt, Others |
| Short Title: Health Care Licensing |                        |                  |                          |

| TYPE OF FISCAL IMPACT        | COUNTY/     |             | FUNDS AFFECTED:        |             |                  |
|------------------------------|-------------|-------------|------------------------|-------------|------------------|
|                              | State Gov't | Local Gov't | (X) General            | ( ) Highway | ( ) Other: Local |
|                              |             |             | State Fiscal Impact    | FY 89-90    | FY 90-91         |
| No Fiscal Impact ( ) ( )     |             |             | State Total Req'ments  | \$177,000   | \$325,000        |
| Increase Expenditure (X) ( ) |             |             | Receipts/Revenues      |             |                  |
| Decrease Expenditure ( ) ( ) |             |             | Net State Expend./Rev. |             |                  |
|                              |             |             | No. of Positions       |             |                  |
|                              |             |             | Local Fiscal Impact    | FY          | FY               |
| Increase Revenue ( ) ( )     |             |             | Local Total Req'ments  |             |                  |
| Decrease Revenue ( ) ( )     |             |             | Receipts/Revenues      |             |                  |
| No Estimate Avail. ( ) ( )   |             |             | Net Local Expend./Rev. |             |                  |
|                              |             |             | No. of Positions       |             |                  |

Description of Legislation

1. Summary of Legislation:

HB 319 would establish a nursing pool and home care agency licensure act, within the Department of Human Resources. The bill would require the North Carolina Medical Care Commission to adopt necessary licensing, rules and inspection standards. Nursing pools would be required to carry general and professional liability insurance to insure against claims resulting from negligence or malpractice; requires home care agencies to maintain clinical records on all patients, including a plan of treatment prescribed by patient's physician. Allows the Department representative making inspections to review records concerning admission, discharge, medication, treatment, medical conditions, or history of any person who is or has been a nursing pool or home care agency patient.

2. Effective Date: October 1, 1989

3. Fund or Tax Affected: General Fund

4. Principal Department/Program Affected:

Department of Human Resources/Licensure Section

Cost or Revenue Impact on State

|  | FY<br>88-89 | FY*<br>89-90     | FY<br>90-91      |
|--|-------------|------------------|------------------|
| 1. Non-Recurring Costs/Revenues            | -0-         | -0-              | -0-              |
| 2. Recurring Costs/Revenues<br>(Positions) | -0-         | \$177,000<br>(8) | \$325,000<br>(8) |
| 3. Fiscal/Revenue Assumptions              | -0-         | -0-              | -0-              |

\*Projected for 6 months  
January - June 1990

Cost/Revenue Impact on County or Local Government

|                                 | FY<br>88-89 | FY<br>89-90 | FY |
|---------------------------------|-------------|-------------|----|
| 1. Non-Recurring Costs/Revenues |             |             |    |
| 2. Recurring Costs/Revenues     |             |             |    |
| 3. Fiscal/Revenue Assumptions   |             |             |    |

Sources of Data for Fiscal Note

Department of Human Resources

Technical Considerations/Comments

The major costs associated with the implementation of HB 319 would be for staff to inspect and license nursing pools and home care agencies. Since there is currently no legislation which impacts on nursing pools and home care agencies, the number of nursing pools and home care agencies is unknown. Nursing pools and home care agencies have evolved in North Carolina over the past several years, with a large

portion of them in the more urban areas of the state. The present staff of the Division of Facility Services cannot absorb this additional workload. The Licensure Section in the Division of Facility Services has 14 professionals inspecting and licensing approximately 1,100 rest homes and nursing homes, and is a factor to consider.

In order to determine the potential costs of implementing HB 319, Durham and Wake Counties were surveyed. There are 44 agencies that would be subject to license as a nursing pool or home care agency. Estimating on a conservative basis, there are a minimum of 250-300 nursing pools and home care agencies that would be affected by HB 319, statewide. A second factor to consider is the level of rules that will be adopted by the N.C. Medical Care Commission to implement the licensure program. If the rules adopted require a review of medical records and/or actual patient review, the amount of survey time will increase and so will the number of staff required.

|   | 1989-90          | 1990-91          |
|---|------------------|------------------|
| Personal Services   |                  |                  |
| 6 Survey Consultants  | \$143,000        | \$285,000        |
| 2 Clerk Typists<br>(includes Social Security<br>and other benefits)     |                  |                  |
| Non-Personal  |                  |                  |
| Office Supplies, Travel,<br>Equipment, Office Rental,<br>Communications | \$ 34,000        | \$ 40,000        |
| TOTAL   | <u>\$177,000</u> | <u>\$325,000</u> |

There has been some discussion of looking at licensing fees to help offset the cost of this new requirement. Based upon the Annualized Costs identified for 1990-91, and on the conservative projection of 250-300 nursing pools and home care agencies mentioned above, a fee range of \$1,000-\$1,300 per facility/per year would have to be assessed in order to have the requirements of HB 319 carried out.

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|                               |                             |                |                     |
|-------------------------------|-----------------------------|----------------|---------------------|
| Prepared By: Manny Marbet     | Date Prepared: June 5, 1989 | Bill No. S 245 | Edition: 3          |
| Approved By: Tom L. Covington |                             | H 319          | Senator Marvin Ward |
| Short Title:                  |                             |                | Sponsor:            |

| TYPE OF FISCAL IMPACT | COUNTY      |             | FUNDS AFFECTED: |             |                  |
|-----------------------|-------------|-------------|-----------------|-------------|------------------|
|                       | State Gov't | Local Gov't | (x) General     | ( ) Highway | ( ) Other: Local |
| No Fiscal Impact      | ( )         | ( )         |                 |             |                  |
| Increase Expenditure  | (x)         | ( )         |                 |             |                  |
| Decrease Expenditure  | ( )         | ( )         |                 |             |                  |
| Increase Revenue      | ( )         | ( )         |                 |             |                  |
| Decrease Revenue      | ( )         | ( )         |                 |             |                  |
| No Estimate Avail.    | ( )         | ( )         |                 |             |                  |

Description of Legislation

1. Summary of Legislation

The proposed committee substitute for SB 245 would establish a nursing pool licensure act to be administered by the Department of Human Resources. A fiscal note on its original companion bill H 319, dated March 3, 1989 is available. The proposed committee substitute has been changed to:

- (a) Delete the Home Care Licensure Act requirement.
- (b) Avoid duplicate licensure of nursing pools.
- (c) Change the effective date from October 1, 1989 to April 1, 1990.

2. Effective Date - April 1, 1990

3. Fund or Tax Affected - General Fund

4. Principal Department/Program Affected - Department of Human Resources/Licensure

Section

Cost or Revenue Impact on State

|                                 | FY<br>89-90 | FY<br>90-91 | FY |
|---------------------------------|-------------|-------------|----|
| 1. Non-Recurring Costs/Revenues | 3,000       | -0-         |    |
| 2. Recurring Costs/Revenues     | 9,706       | 45,445      |    |
| 3. Fiscal/Revenue Assumptions   |             |             |    |

Cost/Revenue Impact on County or Local Government

|                                 | FY<br>88-89 | FY<br>89-90 | FY |
|---------------------------------|-------------|-------------|----|
| 1. Non-Recurring Costs/Revenues |             |             |    |
| 2. Recurring Costs/Revenues     |             |             |    |
| 3. Fiscal/Revenue Assumptions   |             |             |    |

Sources of Data for Fiscal Note

Department of Human Resources, Association for Home Care, Nursefinders, Board of Nursing

Technical Considerations/Comments

Since there is currently no legislation which impacts on nursing pools, the actual number of nursing pools is not available. Nursing pools as defined by the proposed legislation includes persons, firms, corporations, partnerships, or associations engaged for hire in the business of providing temporary employment in health care facilities for nurses. In North Carolina there are primarily two types of nursing pools. One type is usually a person or a group of persons that provide nursing pool services only. The other type is a certified health care agency whose services includes nursing pool services. The Department of Human Resources' various boards, associations and nursing service programs do not know the exact number of nursing pools that would be impacted by SB 245. However, all generally agree that between 100 - 150 existing agencies or organizations providing nursing pool services would be affected by this bill.

A factor to consider in determining any costs of implementing proposed committee substitute for SB 245, is the level of rules that may be adopted by the N. C. Medical

Care Commission, as required. If the rules that are adopted require a review of medical records and/or actual patient review, the amount of survey time will increase greatly and consequently so will the number of staff required. If, however, the rules basically require a minimal paper survey, then it is conceivable that a minimal number of staff positions will be needed.

Due to the uncertainties associated with the implementation of proposed committee substitute for SB 245, staff is recommending that only one position be considered to implement the Act. Once the program is in place, and rules have been established it will be much easier to determine out year costs, if any.

|  | 1989-90*    | 1990-91  |
|--|-------------|----------|
| Personnel Services   |             |          |
| 1 Survey Consultant<br>(includes Social Security and<br>required benefits) | \$ 8,906.25 | \$35,625 |
| Non-Personnel  |             |          |
| Office supplies, travel, office<br>space, telephone                        | 3,800       | 9,820    |
|  | <hr/>       | <hr/>    |
| Total  | \$12,706.25 | \$45,445 |

\* April 1, 1990 - June 30, 1990



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