

PREPARED BY: Sandy Sostad
 DATE PREPARED: February 20, 2019
 PHONE: 471-0054

LB 597

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 597 requires administrators of assisted-living facilities to report to the Division of Behavioral Health in the Department of Health and Human Services (HHS) about certain prescribed incidents. The incidents include: violence between residents; violence between residents and employees; incidents involving injuries to residents or employees which require medical treatment and which restrict the injured person’s usual activities; and, incidents involving bed bugs.

It is assumed that HHS will maintain a list of incidents reported pursuant to the bill. It is also assumed the Division of Behavioral Health will utilize existing staff and resources to gather and maintain such information, so the bill has no fiscal impact.

It appears the bill and current law regarding assisted-living facilities does not require HHS to investigate the incidents that are required to be reported pursuant to the bill. If it is intended that reported incidents be investigated, then HHS projects a need for an additional Facility Surveyor for investigations at an estimated cost of \$76,782 of cash funds in FY20 and \$100,947 of cash funds in FY21.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 597 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/26/2019	PHONE: (402) 471-4173
COMMENTS: DHHS estimate of fiscal impact to the agency appears reasonable.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-24-19

Phone: (5) 471-6719

	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$76,782	\$0	\$100,947	\$0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$76,782	\$0	\$100,947	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 597 requires licensed assisted living facilities (ALF) to report all incidents involving bodily injury of a resident or employee in certain stated situations and incidents involving bed bugs to the Division of Behavioral Health.

LB 597 modifies the Assisted Living Facility Act, which supplements the Health Care Facility Licensure Act. If the intent is all of the stated incident reports be investigated under the Department of Health and Human Services, then investigations for employee incidents and bed bug infestations would be conducted by the Division of Public Health's Licensure Unit in lieu of the Division of Behavioral Health. The Division of Child and Family Services investigates any reports involving abuse, neglect or exploitation of a resident under the Adult Protective Services Act. Current statutes, rules and regulations require suspected abuse or neglect of ALF residents be reported directly to the Department of Health and Human Services or to a local law enforcement agency to be investigated under the Adult Protective Services Act.

LB 597 adds requirements that any incident involving bodily injury of employees and any bed bug infestations in the facility also be reported to the department. This estimate includes costs associated with investigating those two (2) types of incidents.

Estimated number of ALF employees involved in injuries each year:

Bodily injury of employees are addressed in the Nebraska Worker's Compensation Act and must be reported to the Occupational Safety and Health Administration (OSHA) electronically for industries with a high rate of injuries. According to the US Bureau of Labor Statistics, residential care facilities are one of those industries. In Nebraska, the incident rate for private residential care facilities (SIC 623) is 6.1 cases per 100 employees and for public residential care facilities is 6.2 cases per 100 employees (see https://www.bls.gov/iif/oshwc/osh/os/17summ1_31.xlsx).

Currently there are approximately 285 licensed ALFs in Nebraska. The average number of employees is estimated at 5 per facility. This is a rough estimate based on an average staffing ratio of 1 employee per 18 residents. There is no rule or regulation that requires a certain number of staff, only that the facility is staffed according to the residents' needs. Using the Bureau of Labor Statistics data, it is calculated that the number of non-fatal recordable injuries in Nebraska each year is around 87 for employees alone. Defined by OSHA, a recordable injury is one that requires treatment beyond first aid.

Calculation:

Facilities * Avg #Employees = Total #Employees	285 * 5 = 1425
Total #Employees / 100 = Base Factor	1425/100 = 14.25
Base Factor * 6.1 Cases = Total Estimated# Cases	14.25 * 6.1 = <u>87</u>

Estimated number of bed bug infestations in Assisted Living Facilities each year:

No data was found on the actual number of infestations treated in assisted living facilities. However, according to the National Pest Management Association’s (NPMA) 2018 Bugs without Borders survey, 59% of pest control companies in the U.S. reported providing at least one bed bug infestation treatment in “nursing homes” during the previous year. The survey encompassed all long term and non-long term care facilities, including ALFs.

The Nebraska Department of Agriculture reports there are 996 certified individuals who qualify to treat this kind of pest. The Nebraska State Pest Control Association reported there are 75 different businesses in their membership, but this would not include a business with multiple locations in Nebraska.

The lower bound estimate for additional reports assumes the following:

59% of the 75 Nebraska pest control companies will treat a bed bug infestation in a nursing or assisted living facility. This equates to 44 firms treating bed bug infestations annually.

Nebraska has approximately 226 nursing facilities and 285 ALFs. This estimate assumes an even distribution of bed bug infestations across facility types. In Nebraska, ALFs constitute a 56% share of the facility types covered by the NPMA 2018 survey.

Using the calculated percentage of 44 firms providing bed bug treatments and ALFs comprising 56% of those treatments, the lower bound estimate of additional annual reports annually is 25.

This estimate is based upon a total increase of complaint investigations to be approximately 112 per year, with 87 regarding employee injuries and 25 involving bed bug infestations. Based on historical records, the average investigation takes at least 26 hours to complete and depending upon travel time could take much longer. Therefore, the additional number of hours required to investigate is 112 * 26 hours = 2,912 hours.

Estimated cost to implement LB 0597:

LB 597 would require one (1) additional FTE for a RN Facility Surveyor to perform the additional investigations. For FY2019-2020, nine (9) months of personnel costs have been included based upon the additional FTE being in place by October 1, 2019.

Title	Hours	Hourly Cost	Estimated Cost
Director	1	72.115	\$ 72
Deputy Director	1	51.923	\$ 52
Administrator I	1	29.354	\$ 29
Program Specialist	2	21.466	\$ 43
Program Analyst	4	20.869	\$ 83
Attorney III	10	32.213	\$ 322
Total Costs	19		\$ 602

ALFs are state-licensed only. Therefore, licensure investigation costs are borne by facility licensure fees. Any additional costs will result in the need for higher licensure fees. LB 597 would increase ALF-specific costs by approximately \$100,000 per year, or about \$350 per licensed facility.

If the intent of LB 597 is simply an exchange of information between the facility and the Division of Behavioral Health, then there would be no fiscal impact to the department.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
RN Facility Surveyor	.75	1.0	\$42,543	\$56,724
Rules and Regulations Changes (See above)			\$602	
Benefits.....			\$14,760	\$19,405
Operating.....			\$18,877	\$24,818
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$76,782	\$100,947