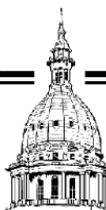




Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 415 (as introduced 3-16-95)  
Sponsor: Senator John J.H. Schwarz, M.D.  
Committee: Health Policy and Senior Citizens

Date Completed: 1-11-96

### **CONTENT**

**The bill would amend the Public Health Code to modify the Code's requirements for the staffing of nursing homes, by increasing the minimum number of required hours of nursing care per patient per day; establishing a minimum ratio of licensed nursing personnel to patients; specifying that current staff to patient ratios are based upon unlicensed nursing staff; and allowing a nursing home not to comply with the staff to patient ratio requirements if it provided at least three hours of care per patient per day by unlicensed personnel.**

Currently, the Code requires each nursing home to have a registered nurse (RN) with specialized training or experience in gerontology to serve as the director of nursing; at least one RN or licensed practical nurse (LPN) on duty at all times; nursing home staff sufficient to provide at least 2.25 hours of nursing care per patient per day; and a minimum ratio of patients to nursing care personnel of 8 to 1, 12 to 1, and 15 to 1 during the morning, afternoon, and night shifts, respectively. The bill would alter these requirements in the following manner: It would increase from the current 2.25 to 2.65 the required number of hours of nursing care per patient per day; specify that the existing staff to patient ratios for each morning, afternoon, and evening shift would be a ratio between unlicensed nursing personnel and patients; and require a nursing home to maintain a minimum ratio of patients to licensed nursing personnel of 30 to 1 during morning and afternoon shifts and 50 to 1 during the night shift. The bill further provides that a nursing home that maintained a staff sufficient to provide at least three hours of care by unlicensed personnel per patient per day would not be subject to the staff to patient ratio requirements. Under the bill, "unlicensed nursing personnel" would mean persons who performed only those functions for which a license was not required under the Code.

Currently, employees who are nursing staff are prohibited from performing basic services such as food preparation, housekeeping, laundry, or maintenance except in emergencies or natural disasters. The bill also provides that a person employed to provide these basic services could not provide nursing care to patients.

MCL 333.21720a

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

Under current law, which requires minimum number of nursing care hours (2.25) and a minimum ratio of patients to all nursing staff, a facility having 96 patients, for example, would need a minimum of 35 nurses aide FTEs and 4.4 RN/LPN FTEs on an annual basis. These FTEs would

cost the facility \$597,500 based on the industry's average starting salaries estimate exclusive of any other benefits or costs. If that facility were to conform to the proposed requirements in Subsection 2 (Option 1 in the table below)--that is, a minimum of 2.65 hours of nursing care *and* a minimum patient to unlicensed staff ratio *and* a minimum patient to licensed staff ratio--the number of nurses aide FTEs would rise to 38.4, the number of RN/LPN FTEs would rise to 12, and total costs would increase to \$857,400, for a minimum increase in labor costs of 43.5%. This facility instead could opt for the requirements of proposed Subsection 3 (Option 2). In this case the facility, by maintaining three or more nursing care hours per patient per day provided by *unlicensed* nursing staff, could avoid the patient/staff ratios of Subsection 2, resulting in FTE totals of 4.4 RN/LPNs and 52.4 nurses aides. The equivalent cost would be \$835,700 or an increase over current law of almost 40%.

At this point one can calculate the total nominal fiscal cost to the long-term care industry. Using data from the Directory of Hospitals, Nursing Facilities, et al., for 1994 compiled by the Department of Public Health, one finds that there are 449 long-term care facilities with an average bed size of 113. Assuming an average occupancy rate of 90% would mean an average patient load of 102.0. Based on this and applying those bed size calculations, the results are displayed in the table below.

	Current Law	OPTION 1 (Subsection 2)	OPTION 2 (Subsection 3)	% Change Over Current Law	
				OPTION 1	OPTION 2
RN/LPN FTEs	1,975.6	5,792.1	1,975.6	193.2	0.0
NA FTEs	<u>16,837.5</u>	<u>18,319.2</u>	<u>25,054.2</u>	<u>8.8</u>	<u>48.8</u>
<b>Subtotal FTEs</b>	<b>18,813.1</b>	<b>24,111.3</b>	<b>27,029.8</b>	<b>28.2</b>	<b>43.7</b>
Cost of RNs/LPNs	\$ 54,329,000	\$159,619,500	\$ 54,329,000	193.8	0.0
Cost of NAs	<u>228,990,000</u>	<u>249,374,600</u>	<u>340,970,600</u>	<u>8.9</u>	<u>48.9</u>
<b>TOTAL COST</b>	<b>\$283,319,000</b>	<b>\$408,994,100</b>	<b>\$395,299,600</b>	<b>44.4</b>	<b>39.5</b>

For a more detailed analysis of the fiscal impact of Senate Bill 415, please see Senate Fiscal Agency Memorandum dated October 20, 1995.

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.