

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2870H.011  
 Bill No.: HB 1675  
 Subject: Department of Health and Senior Services; Nurses  
 Type: Original  
 Date: January 12, 2024

Bill Summary: This proposal creates provisions relating to minimum nurse staffing requirements.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
General Revenue*	\$0	\$0	\$0	(Unknown, likely to exceed \$160,814)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(Unknown, likely to exceed \$160,814)</b>

\*The proposal has a delayed implementation date of January 1, 2028. Including on-time ITSD costs, DHSS FY28 costs are estimated to be \$256,810. The state share of Medicaid payments made to hospitals as a result of increased costs reported on hospital costs reports is unknown, Oversight assumes the state's share of these costs could exceed \$250,000 annually beginning in FY2031. DSS determines hospital reimbursement rates from the 3rd prior year hospital Medicaid cost report (FY28).

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2030)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
Federal*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and expenses (beginning in FY 2031) unknown, but net to \$0

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
General Revenue	0 FTE	0 FTE	0 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>	<b>0 FTE</b>	<b>2 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§ 197.1005, 197.1010, 197.1015, 197.1020 and 197.1025 – Minimum nurse staffing requirements

Officials from the **Department of Health and Senior Services (DHSS)** state §197.1005 requires hospitals to “implement a staffing plan that states the ratio of patients to direct care registered nurses to be required by the hospital.” The provisions of the legislation require hospitals to conduct a patient census and then directly assign nurses to the mandated staffing levels outlined in §197.1005.2. The census must be an exact count and cannot be an estimate of averages. In addition, hospitals must implement a continuous plan to monitor the patient population and assign the appropriate number of nurses continuously.

Section 197.1005 also states that the hospital’s staffing plan must be filed with DHSS and provided to patients and patient representatives in an accessible format. Section 197.1010 further states that the hospital shall report compliance with its staffing plan to the Department bimonthly. The DHSS must also make publicly available a list of hospitals that have filed a staffing plan and a compliance report, as well as create an online portal for purposes of accepting staffing plans, compliance reports, and complaints related to violations. The effective date of the legislation is January 1, 2028; therefore, expenses will not be incurred until the final half of FY28.

The DHSS will need one full-time Registered Nurse (\$75,000) to carry out the requirements outlined above. The Registered Nurse will be a telecommuter.

The DHSS will need one full-time Legal Counsel (\$82,999) for promulgating rules and the cost of bringing action to recover civil penalties.

In addition, the provisions in the proposed legislation will require the DHSS, in consultation with the Information Technology Services Division (ITSD), to create a portal for submission of the required staffing plans, compliance reports and the ability to receive complaints for violations of staff. The estimated cost is **\$49,896**.

Section 197.1015 requires the Department to promulgate rules and implement the provisions of the proposed legislation. It is assumed it will take a Regulatory Compliance Manager (\$95,796) approximately 695 hours to complete these duties. Based on 2,080 working hours per year, this would require 0.33 FTE to assume these duties ( $695 \text{ hours} \div 2,080 \text{ hours per year} = 0.33$ ) for a total personal service cost of \$31,613 ( $\$95,796 * 0.33$ ). It is assumed that the Department can absorb the costs of this portion of the bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested

through the appropriation process.

Section 197.1025 states that “The department may impose civil penalties for violations of sections 197.1000 to 197.1025 that shall not exceed: (1) Twenty-five thousand dollars for the first violation; (2) Fifty thousand dollars for the second violation; and (3) one hundred thousand dollars for the third and any subsequent violation.” The requirements outlined in the proposed legislation are in addition to established state law and regulations. There are 162 hospitals in Missouri. It is assumed three percent of the hospitals (five) will be imposed a civil monetary penalty (CMP) for the initial fine of \$25,000. This will create a total increase to General Revenue of \$125,000 each year (5 hospitals \* \$25,000 CMP). It is assumed there will be no civil penalties imposed against an individual who is employed by a hospital.

**Oversight** does not have any information to the contrary. Oversight assumes the DHSS would not need additional rental space for 1 FTE. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DHSS needing additional rental space. FY2028 costs are outside the period of this fiscal note, but within the fully implemented date. Oversight extrapolated DHSS costs to FY2028, but for fiscal note purposes, will not present the estimated costs of \$256,810 (including one-time ITSD costs of \$49,896). Oversight also extrapolated costs to FY2031 and will present \$125,000 annual revenues due to civil penalties and estimated costs to General Revenue beginning in FY2031.

Officials from the **Department of Social Services (DSS)** state, because hospital rates are determined by the third prior year cost reports, there would not be a fiscal impact to the MO HealthNet Division for FY2025 through FY2030. The impact for FY 2031 cannot be determined until the FY2028 cost reports for hospitals are completed. However, starting in SFY 2031 MHD estimates there could be additional costs associated with this proposal. The additional costs would be unknown at this time.

**Oversight** does not have any information to the contrary. Oversight notes 13 CSR 70-15 (C) provides that hospital base year cost reports are the “audited Medicaid cost report from the third prior calendar year”, which will be 2028 hospital cost reports. Therefore, Oversight will reflect an Unknown cost increase to the General Revenue fund for DSS beginning in FY2031. It is assumed the increase in the state share of expenses for 162 hospitals will exceed \$250,000 annually. In addition, Unknown costs and a corresponding increase in revenues for Federal Funds will be shown. The net impact to Federal Funds will be \$0.

Officials from the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations** and the **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** only reflects the responses received from state agencies and political subdivisions; hospitals were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the MOLIS database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<b>GENERAL REVENUE FUND</b>				
<u>Income – DHSS (§197.1025) – Penalties p. 4</u>	\$0	\$0	\$0	\$125,000
<u>Costs – DHSS (§§197.1005 - 197.1025) p. 3</u>				
Personal service	\$0	\$0	\$0	(\$177,933)
Fringe benefits	\$0	\$0	\$0	(\$99,008)
Equipment and expense	\$0	\$0	\$0	(\$8,873)
ITSD costs	\$0	\$0	\$0	\$0
<u>Total Costs - DHSS</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$285,814)</u>
FTE Change – DHSS	0 FTE	0 FTE	0 FTE	2 FTE
<u>Costs – DSS (§§197.1005 - 197.1025) Increase in state share of hospital costs p. 4</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(Unknown, likely to exceed \$160,814)</u></b>
Estimated Net FTE Change on the General Revenue Fund	0 FTE	0 FTE	0 FTE	2 FTE
<b>FEDERAL FUNDS</b>				
<u>Income – DSS (§§197.1005 - 197.1025) – Increase in program reimbursements p. 4</u>	\$0	\$0	\$0	Unknown
<u>Costs – DSS (§§197.1005 - 197.1025) – Increase in program expenditures p. 4</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2030)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Beginning January 1, 2028, this bill requires hospitals to comply with the nurse staffing requirements established by the provisions of the bill. A nursing care plan will be utilized indicating required care that: (1) Considers the patient's acuity level; (2) Is developed in coordination with the patient, the patient's family, or other representatives; (3) Reflects all elements of the nursing process; and (4) Recommends the number and skill mix of additional licensed and unlicensed direct care staff needed to fully implement the plan. (§ 197.1000)

The hospital's staffing plan must state the ratio of patients to direct care registered nurses required by the hospital. At all times during each shift within a unit of the hospital, and with a full complement of ancillary and support staff, patient assignments for direct care RNs must not exceed the ratios specified in the bill. A direct care nurse may refuse to accept a patient assignment if the assignment would violate the provisions of the bill or would otherwise compromise patient safety or the ability of the nurse to competently provide care. (§ 197.1005)

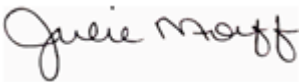
A hospital must not take adverse action against a nurse with respect to any part of a nurse's employment or licensing based on the nurse's refusal to accept an assignment: (1) If that assignment would violate the provisions of this bill; or (2) Based on the nurse's report to the department of a violation of this bill or of the hospital's staffing plan. (§ 197.1020)

The Department may impose civil penalties for violations of this bill that shall not exceed \$25,000 for the first violation, \$50,000 for the second violation, and \$100,000 for the third and any subsequent violation. (§ 197.1025)

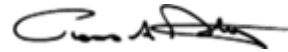
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Health and Senior Services  
Department of Mental Health  
Department of Labor and Industrial Relations  
Department of Social Services  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of the State Courts Administrator



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