



To: Rep. Connie O'Brien, and Members, House Children and Seniors Committee
From: Rachel Monger, Director of Government Affairs
Date: February 21, 2013

Neutral Testimony on House Bill 2348

Thank you, Madam Chair, and Members of the Committee. I am Rachel Monger, the Director of Government Affairs for LeadingAge Kansas (formerly known as the Kansas Association of Homes and Services for the Aging). Our 160 members include not-for-profit nursing homes, retirement communities, hospital long-term care units, assisted living and residential health care residences, homes plus, low income housing, licensed home health agencies and other community based service programs throughout Kansas.

Under current state regulations, nursing homes are required to provide a minimum daily average of 1.85 total hours of nursing care per resident day, with a weekly average of 2 hours per resident. However, this is not the primary staffing standard nursing homes must follow. Every nursing home must adhere to federal *and* state staffing regulations which state:

The facility must have sufficient nursing staff to provide nursing and related services to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident, as determined by resident assessments and individual plans of care.

In other words: Nursing homes must staff to the individual needs of their residents. This is the guideline nursing homes follow for staffing, not the state established minimum. This is why over the last decade, statewide averages for nursing care hours per resident have been far above the minimum, and in fact, have been trending upward:

	NFP Average Nsg hrs/res/day	State Average Nsg hrs/res/day
2002	3.65	3.42
2004	3.9	3.6
2006	4.01	3.7
2008	3.5	3.07
2010	4.31	3.84
2011	4.54	4.14

Investment in staffing is one of the many important ways LeadingAge Kansas members work to ensure quality care for nursing home residents. Our members consistently lead the State in staffing numbers, and the amount of nursing care hours per resident day. However, steep funding barriers and workforce shortages make maintaining staffing rates a constant struggle. Workforce challenges are particularly acute for our members in rural areas of the State.

HB 2348 calls for a significant increase in the minimum staffing levels required for nursing homes. While our members would agree that staffing is one of many important facts in quality care, we also hope that solutions to address the serious challenges in adequate funding and workforce are given equal attention when considering this issue.

Thank you so much for your attention to this important issue. I would be happy to answer any questions.

February 14, 2011

Steve Anderson, Director
Division of the Budget
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Topeka, KS 66612-1575

RE: SB 184

Dear Mr. Anderson,

The following information is in response to your request regarding SB 184.

Analysis: SB 184 concerns the establishment of new minimum staffing ratios for nursing facilities. The bill calls for three incremental increases in the minimum staffing ratios beginning July 1, 2011. The second increase would be effective July 1, 2012, and the third increase would take effect July 1, 2013. The bill not only lists cumulative staffing ratio requirements but also states minimums for registered professional nursing staff (RN), licensed practical nursing staff (LPN), and nurse aide personnel (Aides) including nurse aides. It state nursing aide personnel shall include nurse aides, nurse aide trainees, medication aides, and paid nutrition assistants. The new staffing requirements are summarized in the following table.

New Staffing Ratio Requirements

Staffing Category	7/1/2011	7/1/2012	7/1/2013
RN	0.67	0.85	1.03
LPN	0.45	0.58	0.70
Aides	1.72	2.22	2.70
Total	2.83	3.65	4.44

(figures in hours per resident day)
(some totals do not reconcile due to rounding)

Affect on Agency Responsibility: SB 184 would require KDOA to ensure that all nursing facilities meet new minimum staffing ratio requirements beginning July 1, 2011, and increasing on July 1, 2012, and again on July 1, 2013. KDOA already monitors staffing ratios so there should not be an increase in the agency's monitoring activities. However, the costs of increasing staffing ratios would impact the Medicaid nursing facility program expenditures. That program pays for about 55% of all resident days provided by Medicaid nursing facility providers.

Fiscal Impact: The agency estimates that the fiscal impact of the initial change in staffing ratio requirements would be approximately \$66.7 million in added salary expense for nursing facility

providers. Approximately \$36.7 million of this expense would be related to Medicaid. There would be further increases to salary costs beginning July 1, 2012 and again on July 1, 2013. The table below summarizes the expected salary expense increases.

Estimated Fiscal Impact of SB 184				
Staffing Category	7/1/2011	7/1/2012	7/1/2013	Cumulative Impact
RN	56.8	35.2	36.4	128.4
LPN	5.7	8.5	11.6	25.8
Aides	4.2	14.3	27.6	46.1
Total	66.7	58.0	75.6	200.3
Medicaid Cost Share	36.7	31.9	41.6	110.2

(figures in millions of dollars)

(Assumed Medicaid Occupancy Rate: 55%)

Assumptions Used: The agency assumed that any increase in staffing required to meet the new minimum staffing ratios, would be reflected proportionally by increases in salary expenses. The agency also assumed a Medicaid occupancy rate of 55%.

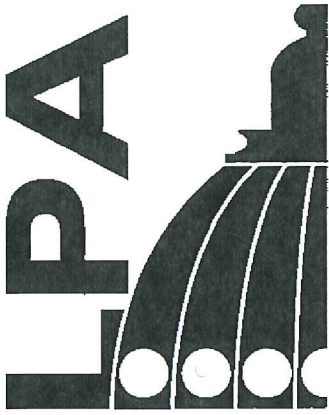
Caveats: It should be noted that some of the disparity in staffing ratios that exists amongst Kansas nursing facilities is related to the case mix of the residents those homes care for. A home that currently meets the new staffing ratio requirements may be staffed at that level simply because they are caring for higher acuity residents. In reality they may be operating at a staffing ratio well below most other nursing homes when the ratios are adjusted to reflect case mix.

Sincerely,

Sara Arif
 Director of Public Affairs

DH

- c: Julie Thomas, DOB
- Shawn Sullivan, KDOA Secretary
- Bob Parker, KDOA Acting Commissioner
- Bill McDaniel, KDOA Commissioner
- Heidi Burris, KDOA Budget Director



Legislative Post Audit Performance Audit Report Highlights

Highlights

Department on Aging: Evaluating the Effect of Increasing Minimum Nursing Hours on Resident Care and State Costs

Report Highlights

April 2012 • R-12-004

Audit Concern

Legislators were interested in knowing whether a relationship exists between increased nursing hours and quality of care outcomes or reduced health costs for residents in nursing facilities. They also wanted to know the potential costs to implement the nursing standards in 2011 Senate Bill 184.

Other Relevant Facts for Question 1

Kansas law requires the Department on Aging to license and regulate adult care homes, such as nursing facilities, assisted living facilities, and adult day care facilities. Nursing facilities are the largest category, accounting for 290 of the nearly 750 licensed facilities the Department oversees.

Nurse staffing levels are measured in "hours per resident day." This measure is calculated by dividing the total number of hours worked by nursing staff by the facility's bed days (number of residents multiplied by days spent in the facility).

AUDIT QUESTION 1: *Do empirical studies and reports clearly identify a relationship between increased minimum nursing hours and quality of care outcomes or reduced health costs for residents in nursing facilities?*

AUDIT ANSWERS and KEY FINDINGS:

- Although the research results are mixed, the most thorough research generally shows a positive relationship between staffing levels in nursing facilities and quality of care outcomes, such as reduced pressure sores or urinary tract infections.
 - The most rigorous studies showed that having more nursing staff appears to be associated with improved quality of care.
 - A number of studies that found a positive relationship between staffing levels and some aspects of quality of care also found negative or no relationships in other aspects of quality of care.
 - None of the studies reviewed found only negative associations between nursing staff levels and patient outcomes.
- According to the federal Centers for Medicare and Medicaid Services (CMS), increasing staffing levels up to 4.1 hours per resident day improves health outcomes. However, adding staff beyond this level did not necessarily produce additional improvements.
- We were unable to detect a clear relationship between nursing hours and quality of care outcomes for Kansas nursing facilities. This does not necessarily mean there is no relationship. Rather, the relationship between nursing staff and health outcomes is complex and we may not have had the necessary data to detect an association.
- In addition to staffing levels, researchers also identified other staff-related factors that are important in improving resident quality of care. These include limiting overtime, reducing absenteeism, and allocating staff across shifts and units adequately.

AUDIT QUESTION 2: What would it cost to implement the minimum nursing staff hours standards recommended by Senate Bill 184, and what potential offsetting savings might result?

AUDIT ANSWERS and KEY FINDINGS:

- Although all Kansas nursing facilities meet or exceed the current state staffing requirements, very few facilities currently meet the Senate Bill 184 staffing levels.
- To fully implement Senate Bill 184, nursing facilities would have to hire an estimated 3,600 additional staff for total state costs up to \$43 million annually (\$98 million all funds).

Maximum Estimated Staffing and Annual Medicaid Cost To Implement Senate Bill 184 Compared to 2010 Costs (in millions)			
	Year 1	Year 2	Year 3
Estimated New Staffing FTE	800	1,900	3,600
Nursing Facility Costs	\$11.9	\$23.9	\$41.1
Indirect Costs (a)	\$1.0	\$1.3	\$1.6
Total State Portion (Medicaid)	\$12.9	\$25.2 (b)	\$42.7 (b)
Total Cost	\$29.8	\$58.1	\$98.4

(a) Indirect costs include the costs to long-term care units and mental health nursing facilities that are a result of Senate Bill 184.
 (b) The cost for the second and third year already include the cost for the previous year, so the years should not be added together.
 Source: LPA analysis of the 2010 Department on Aging cost report.

- It could potentially cost nursing facilities about \$245 million to fully implement Senate Bill 184, of which about \$98 million would be reimbursed by Medicaid. The remainder likely would be paid by the facility, Medicare, or private-pay residents.
- Senate Bill 184 would have the unintended consequence of increasing reimbursement rates for certain long-term care facilities that are not covered under the bill. When the bill is fully implemented, these indirect costs could cost the state about \$1.6 million annually.
- Although increasing staffing levels may improve health outcomes, better outcomes are unlikely to result in meaningful savings for the state.
 - Most of the significant costs of poor health outcomes occur when residents are hospitalized to treat these conditions.
 - Because hospital stays for nursing facility residents are generally paid for with federal funds (Medicare), reducing hospitalizations would result in minimal savings to the state.

RECOMMENDATIONS

- None

AGENCY RESPONSE

- The Department on Aging agreed with our findings.

HOW DO I GET AN AUDIT APPROVED?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the Division must be approved by the Legislative Post Audit Committee, a 10-member committee that oversees the Division's work. Any legislator who would like to request an audit should contact the Division directly at (785) 296-3792.

Other Relevant Facts for Question 2

Kansas regulations currently require a weekly average of 2.0 hours per resident day, with a minimum of 1.85 hours of nursing care each day.

Senate Bill 184 would have increased the minimum nursing staff hours per resident day over a three-year period—from the current 2.0 hours per day to 4.44 hours per day.

Additionally, Senate Bill 184 would require specific staffing requirements by nursing type (registered nurse, licensed practical nurses, and nurse aides).

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