



Economic Impact Analysis Virginia Department of Planning and Budget

**18 VAC 95-30 – Regulations Governing the Practice of Assisted Living Facility
Administrators**
Department of Health Professions
April 4, 2008

Summary of the Proposed Amendments to Regulation

The Board of Long-Term Administrators (Board) proposes to amend its recently promulgated licensure requirements for assisted living facility administrators.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Under regulations which became effective January 2, 2008, assisted living facility administrators who have worked two of the four years, before this regulation's effective date, as a full-time assisted living facility (ALF) administrator or assistant administrator, and who have passed the national exam, are eligible for licensure. Full-time regional administrators are also currently eligible for licensure as ALF administrators so long as they have worked in their current position for two of the four years preceding January 2, 2008, have at least two years experience as a facility administrator and have passed the national exam. Applications for licensure under these rules must be received (or post-dated) by January 2, 2009.

With a few exceptions, current regulations require any individual who will not have the experience required to be licensed under rules for current administrators to complete 640 hours of training under the supervision of a preceptor that is registered with the Board (and to pass the national exam). Under exceptions to this rule, licensure applicants who have worked full-time as an assistant ALF administrator, assistant nursing home administrator or a hospital administrator for two of the four years immediately preceding licensure application will only have to complete

320 hours of training. Applicants who already hold multi-state registered nursing licensure privileges and who have worked in an administrative level supervisory position in nursing in an ALF or nursing home for two of the four years immediately preceding licensure application also only have to complete 320 hours of training. Applicants who are licensed practical nurses (LPN) or who hold multi-state LPN licensure privileges and who have worked in an administrative level supervisory position in nursing in an ALF nursing home for two of the four years immediately preceding licensure application only have to complete 480 hours of training.

Under current regulations, individuals who want to serve as preceptors for ALF administrators in training (AIT) programs must meet Board requirements and pay a \$50 registration fee.

The Board proposes to amend these regulations so that individuals who are currently working as ALF administrators, assistant administrators, or full time regional administrators will only be required to have worked one of the four years preceding licensure application (rather than these regulations' effective date) in their qualifying positions in order to be eligible for licensure. Applicants will still have to pass the national exam and the deadline for licensure under rules for licensure of current administrators remains January 2, 2009. After that date, all licensed assisted living facilities are statutorily required to be under the supervision of an administrator licensed by the Board. Similarly, the Board also proposes to only require professions which are eligible for shorter training periods to have worked in a qualifying position for one of the four years immediately preceding licensure application.

The Board is proposing these changes because, under current regulations, there will likely not be enough ALF administrators licensed by January 2, 2009 to allow all assisted living facilities to have one in their employ. The Department of Health Professions (DHP) reports that there are approximately 600 assisted living facilities that will be required to have a licensed administrator by January 2, 2009 but there are only eight individuals who are currently licensed as ALF administrators. DHP also reports that are likely some individuals who are currently administering assisted living facilities who will not be able to meet the experience requirements in current regulations and that the eight ALF preceptors that are currently registered with the Board may not be able to train enough new administrators before January 2, 2009 to make up the difference.

Decreasing experience requirements and extending the cutoff date for experience for current administrators will allow more individuals to qualify for licensure more quickly. This will likely benefit owners of assisted living facilities, current and future ALF administrators and the public that is served by assisted living facilities. Owners of assisted living facilities will be better able to meet the legislature's deadline for having a licensed administrator in charge of their facilities. Current (unlicensed) ALF administrators will be more likely to meet the revised licensure requirements and, so, will be more likely to retain their jobs past the January 2009 deadline. Individuals who wish to be ALF administrators in the future will be able to qualify for licensure more quickly. Residents of assisted living facilities will be less likely to suffer the expense and upheaval of having to move because their facility closed due to the lack of a required licensed ALF administrator. These benefits likely far outweigh any costs that might arise from the chance that lower experience requirements might affect resident care. All ALF administrators will have to pass a national competency exam which should guard against any degradation of services to residents.

Because there are very few (eight) individuals who have registered as ALF AIT preceptors, the Board proposes to waive the application process and fee for individuals who are already approved as preceptors for nursing home licensure. This change will likely encourage more preceptors to take on the job of training ALF administrators which will, in turn, allow more of these individuals to be trained and licensed. More licensed administrators will allow owners of assisted living facilities more choice as to who they hire. This is likely to eventually decrease labor costs for these facilities.

Businesses and Entities Affected

DHP reports that there are approximately 600 assisted living facilities and eight ALF administrators that are currently licensed by the Board. DHP also reports that eight ALF AIT preceptors are currently registered with the Board. All these entities, plus any individuals or businesses that might seek licensure (or registration) in the future, will be affected by these regulatory changes.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulatory action.

Projected Impact on Employment

This regulatory action will likely increase the number of individuals who are currently eligible for licensure as ALF administrators and will increase the number of individuals who choose to complete licensure requirements in the future. In the short run, this should ease the tight labor market for licensed ALF administrators that has been created by previous legislative and regulatory action. In the long run, employment in this field will only increase as new assisted living facilities open.

Effects on the Use and Value of Private Property

This regulatory action will likely mitigate the adverse impact that the lack of licensed ALF administrators would have on assisted living facilities after January 2, 2009. After this date, owners of these facilities who are unable to comply with the law would be forced to shut down their business. In that instance, the value of affected businesses would be driven down to what owners could sell their land, building and equipment (office furniture, etc) for.

Small Businesses: Costs and Other Effects

These regulatory changes will likely mitigate costs that small business assisted living facilities would otherwise likely incur.

Small Businesses: Alternative Method that Minimizes Adverse Impact

These regulatory changes will likely mitigate costs that small business assisted living facilities would otherwise likely incur.

Real Estate Development Costs

This regulatory action will likely have no affect on real estate development costs in the Commonwealth.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or

other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.