



## **Economic Impact Analysis Virginia Department of Planning and Budget**

---

### **18 VAC 95-20 – Regulations Governing the Practice of Nursing Home Administrators Department of Health Professions September 9, 2002**

---

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The Board of Nursing Home Administrators (board) proposes several amendments to these regulations that are intended to effectively reduce the barriers to entry into the nursing home administrator profession in Virginia. Proposed changes include: 1) allowing individuals seeking initial licensure to obtain their internship or training in other states or in Virginia under the supervision of a preceptor registered or recognized as a preceptor in another state, 2) reducing the required number of hours of training in the administrator-in-training program for individuals with certain work experience or educational qualifications, 3) changing which course areas are acceptable for the certificate program, 4) reducing the internship requirement for individuals with a degree in long term care administration from 400 hours to 320 hours, 5) changing the required employment timeframe for a licensed nursing home administrator to qualify as a preceptor, 6) establishing a ceiling on the number of hours of continuing education required for individuals seeking to establish their license , and 7) setting a limit on how long continuing education records must be kept.

## Estimated Economic Impact

In order to obtain initial licensure as a nursing home administrator in Virginia, an applicant must satisfy one of three sets of qualifications: 1) degree and practical experience, 2) administrator-in-training program, or 3) certificate program.

All three sets of qualifications require an internship or training under the guidance of a preceptor. The current regulations require that the preceptor be licensed as a nursing home administrator in Virginia and be registered by the board as a preceptor. The proposed regulations require that the preceptor be licensed as a nursing home administrator and registered or recognized as a preceptor by a nursing home administrator licensing board. Thus, unlike the current regulations, the proposed regulations allow individuals seeking initial licensure to obtain their internship or training in other states or in Virginia under the supervision of a preceptor registered or recognized as a preceptor in another state. This proposed change will allow individuals who have received training out of state to become licensed in Virginia without going through redundant training in Virginia. It will also increase the supply of individuals eligible to become preceptors in the Commonwealth. This will make Virginia nursing homes significantly more attractive as a place of employment for out-of-state nursing home administrators.

Increasing the pool of individuals who are qualified to work in the Commonwealth will enable nursing homes to hire better candidates in some cases who may provide better care for nursing home patients. Additionally, the Department of Health Professions (department) has indicated that the demand for nursing home administrators is increasing while the supply of licensed administrators under the current regulations is declining; in 1998 there were approximately 750 administrators licensed in Virginia, while currently (2002) there are only 708.<sup>1</sup> Thus, increasing the supply of licensed nursing home administrators may enable some nursing homes to continue to operate that otherwise might have to close and may allow some new homes to initiate operations. A greater supply of nursing homes can be beneficial to consumers in that they have increased choices in facilities and existing nursing homes may reduce prices and/or improve services due to the increased competition.

For initial licensure through the administrator-in-training program, the applicant must earn a minimum of 60 credits (semester hours) in an accredited college or university,

---

<sup>1</sup> Source: Department of Health Professions

successfully complete a specified number of hours of training in a board approved training plan, and pass state and national nursing home administrator examinations. The mandated number of hours of training varies depending on the work experience and educational qualifications of the applicant. After comparing the current training requirements in Virginia with requirements in other states and the model administrator-in-training program suggested by the National Association of Boards of Examiners for Long Term Care Administrators (NAB), the board determined that the required number of hours of training in the administrator-in-training program for individuals with certain work experience or educational qualifications could be reduced while ensuring that individuals who obtain licensure through this method have sufficient training to work competently as nursing home administrators. Reducing the number of required hours of training may encourage some individuals to seek licensure as a nursing home administrator who otherwise may not have. This will increase the supply of licensed nursing home administrators, which will be beneficial for nursing homes and consumers as described above. In addition, reducing the required number of training hours will be beneficial to individuals who would have sought licensure either under the current regulations or the proposed regulations; they save time and dollars with fewer training hours to complete.

For initial licensure through the certificate program, the applicant must hold a baccalaureate degree or higher from an accredited college or university, successfully complete a 400-hour internship in a licensed nursing home as part of the certificate program under the supervision of a preceptor, and pass state and national nursing home administrator examinations. Under the current regulations, the applicant's courses must include a minimum of 21-semester hours study in long term care administration. The proposed regulations instead require a minimum of 21-semester hours study in nursing home administration or health care administration. According to the department, long term care administration courses can include areas that are unrelated to nursing home administration. Changing the required course areas to nursing home administration or health care administration allows some courses to qualify that previously did not, and disqualifies some courses that previously qualified for credit under the certification program. Since the focus of the approved courses appears to better reflect the type of work the applicants are training for, this proposed change is likely beneficial.

For initial licensure through degree and practical experience, the current regulations require a baccalaureate degree or higher in nursing home administration or health care

administration, a 400-hour internship in a nursing home as part of the degree program under the supervision of a preceptor, and passing grades on state and national nursing home administrator examinations. The proposed regulations reduce the required length of the internship to a minimum of 320 hours. According to the department, 320-hour internships are the current standard for nursing home administrator degree programs throughout the country. The board has been accepting 320-hour internships under the degree and practical experience method of licensure qualification. Thus, this proposed change clarifies current policy and does not have a significant economic impact.

Under the current regulations, preceptors must be employed full-time at the training facility a minimum of two of the past three years immediately preceding the preceptorship. The proposed regulations permit a licensed administrator to serve as a preceptor provided she is already registered with the board and served as a full-time administrator two out of three years prior to registration. A greater number of individuals will be able to meet the proposed criteria. A larger supply of qualified preceptors will enable a greater number of individuals interested in obtaining initial licensure as a nursing home administrator to find training. As we have discussed, a larger supply of licensed nursing home administrators is beneficial for nursing homes and consumers. The preceptor will still need to be currently licensed as a nursing home administrator and the board will continue to determine approval of training plans proposed by preceptors for administrator-in-training programs.

Individuals who seek to reinstate their expired nursing home administrator license must provide evidence of 20 classroom hours<sup>2</sup> of continuing education for each year since the last renewal of the license. The board proposes to cap the continuing education requirement for individuals seeking to reinstate their license at 60 hours. It seems likely that the returns to more than 60 hours of continuing education are small, while the cost may be sufficient to discourage experienced nursing home administrators from resuming employment as a licensed nursing home administrator. Thus, this proposed change has the potential to be significantly beneficial by possibly encouraging some experienced nursing home administrators to reenter the profession and increase the supply of licensed nursing home administrators.

---

<sup>2</sup> All or some of the hours may be outside a classroom: for example, through online courses.

Finally, the current regulations imply that continuing education records must be kept indefinitely. The board proposes to require that licensees retain documentation of their continuing education for only three renewal years. Licensees will save on storage costs. Since the board has determined that it does not need the records beyond three renewal years, this change produces a net benefit.

## **Businesses and Entities Affected**

The proposed regulations affect the 708 licensed nursing home administrators, 188 administrators registered as preceptors, potential licensees and preceptors, and nursing home patients in Virginia.

## **Localities Particularly Affected**

The proposed regulatory changes affect all localities in the Commonwealth.

## **Projected Impact on Employment**

Several of the proposed amendments reduce the barriers to entry into the nursing home administrator profession in Virginia. Reduced barriers to entry will effectively increase the supply of nursing home administrators. Since the supply of administrators has been declining while the demand for their services has most likely been increasing and will probably continue to do so as the baby boom generation ages, increasing the supply of administrators will likely have a significantly positive impact on employment. As discussed above, increasing the supply of licensed nursing home administrators may enable some nursing homes to continue to operate that otherwise might have to close and may allow some new homes to initiate operations.

## **Effects on the Use and Value of Private Property**

The value of current or proposed nursing homes that are having difficulty finding qualified administrators may increase, as they will be more likely to find skilled administrators with reduced barriers to entry into the profession. Since some new nursing homes may be established and some existing homes may continue to operate that would not have without the larger supply of licensed administrators, other nursing homes may be reduced in value as they may face new competition or competition that would have ceased operations without the increased supply of administrators.