



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 27, 2006

Summary of the Proposed Amendments to Regulation

The Board of Long Term Care Administrators (board) proposes to promulgate regulations for the licensure of assisted living facility administrators. Administrators of assisted living facilities that are licensed only to provide residential living care will not be required to hold licensure. Other assisted living facility administrators are required to be licensed.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs. Detailed analysis of the benefits and costs can be found in the next section.

Estimated Economic Impact

Pursuant to the 2005 Acts of the Assembly (Chapters 610 and 924), the board has a mandate to promulgate regulations for the licensure of assisted living facility administrators. Section 54.1-3102 was amended as follows to mandate licensure: “In order to engage in the general administration of an assisted living facility, it shall be necessary to hold an assisted living facility administrator's license or a nursing home administrator's license issued by the Board. However, an administrator of an assisted living facility licensed only to provide residential living care, as defined in § 63.2-100, shall not be required to be licensed.” Section § 63.2-100 of the Code of Virginia defines “residential living care” as “a level of service provided by an assisted living facility for adults who may have physical or mental impairments and require only minimal assistance with the activities of daily living.”

Assisted living facility administrators are already regulated through the Department of Social Services regulations, *22 VAC 40-71 – Standards and Regulations for Licensed Assisted Living Facilities* (DSS ALF). The DSS ALF requirements for assisted living facility administrators include:¹

1. be at least 21 years of age
2. be able to read, write and understand the regulations
3. be able to perform the duties and to carry out the responsibilities required by the regulations
4. be a high school graduate or have a GED
5. have completed at least one year of successful post secondary education from an accredited college or institution or at least one year of administrative or supervisory experience in caring for adults in a group care facility
6. submit a criminal history record report upon application for licensure as an assisted living facility
7. not be a resident of the facility

Under the proposed board regulations, *18 VAC 95-30 – Regulations Governing the Practice of Assisted Living Facility Administrators*, there are essentially five routes to becoming licensed as an assisted living facility administrator. Up until one year from the effective date of these proposed regulations, any person who has served full-time as the administrator of record or as an assistant administrator in a Virginia-licensed assisted living facility for at least two of the three years immediately preceding the effective date can become licensed by passing a board-approved state examination and paying a \$200 fee. There will be an additional examination fee to be paid directly to board-hired contractors who will administer the examinations.

The other four routes to licensure remain available beyond the year after the effective date of the proposed regulations. Licensure by endorsement can be obtained by individuals who a) hold a current, unrestricted license, certificate or registration as an assisted living facility administrator from any state or the District of Columbia, b) have not been the subject of a disciplinary action taken by any jurisdiction in which violation of law or regulation governing practice was found and which, in the judgment of the board, has not been remediated, c) have successfully completed a state examination on the laws and regulations governing the practice of an assisted living facility administrator, and d) either have practiced as the administrator of record in an assisted living facility for at least two of the three years immediately preceding

¹ This list is not comprehensive.

application to the board or have education and experience substantially equivalent to qualifications required by the proposed regulations and have provided written evidence of those qualifications at the time of application for licensure.

The remaining three routes to licensure, administrator-in-training program, certificate program, and degree plus practical experience, all require that the applicant pass both a national credentialing examination for administrators of assisted living facilities and a jurisprudence exam on the laws and regulations governing the practice of assisted living facility administrators in Virginia. According to the Department of Health Professions (department), the board will most likely contract with the National Association of Boards of Examiners of Long Term Care Administrators (NAB)² for the required national credentialing examination.

The administrator-in-training program route further requires that the applicant either complete at least 30 semester hours in an accredited college or university with courses in the content areas of (i) client/resident care; (ii) human resources management; (iii) financial management; (iv) physical environment; and (v) leadership and governance; and 500 hours in an administrator-in-training program within one year; or complete at least 30 semester hours in an accredited college or university in any subject and 1,000 hours in an administrator-in-training program within two years.

The certificate program route requires the following in addition to paying the \$200 application fee and passing both a national credentialing examination and a jurisprudence exam: hold a baccalaureate or higher degree in a field unrelated to health care from an accredited college or university and successfully complete a certificate program with a minimum of 21 semester hours study in a health care related field³ from an accredited college or university and successfully complete an internship lasting at least 320 hours in a licensed assisted living facility as part of the certificate program under the supervision of a preceptor registered by the board.

The degree plus practical experience route requires the following in addition to paying the \$200 application fee and passing both a national credentialing examination and a

² Information concerning NAB can be found at their website: www.nabweb.org.

³ The minimum 21 semester hours must be distributed as follows: six semester hours on resident/client services management, three semester hours on human resource management, three semester hours on financial management, three semester hours on physical environment management, three semester hours on leadership and governance, and three semester hours for an internship.

jurisprudence exam: hold a baccalaureate or higher degree in a health care related field⁴ from an accredited college or university and have completed not less than a 320-hour internship in a licensed assisted living facility as part of the degree program under the supervision of a preceptor registered by the board.

Under the proposed regulations licensees must pay a \$225 renewal fee and complete 20 hours of approved continuing education for each renewal year. Up to 10 of the 20 hours may be obtained through Internet or self-study courses; and up to 10 continuing education hours in excess of the number required may be credited to the next renewal year. According to the department, continuing education fees can be expected to be approximately \$15 to \$20 per hour. Also, the Adult Care Education Center (a NAB-approved continuing education provider) provides a variety of free courses online. Adult Care Education Center annual membership costs \$95.⁵ Thus, licensees could potentially satisfy their annual continuing education requirement by taking classes with per course and membership fees totaling in the \$245 to \$295 range. Licensees would also incur costs associated with transportation and the time spent taking the courses. Accounting for the renewal fee, course fees, transportation and time, renewal costs will be in excess of \$500 annually.

The 2005 legislation was passed due to concern that there has been a problem in the Commonwealth with poorly-run assisted-living facilities. The belief was that the requirements for administrators under the current DSS ALF regulations allow individuals that are not fully competent to ensure the health, safety and welfare of assisted-living facility residents to serve as administrators. The increased competency requirements will very likely result in fewer individuals employed as assisted living facility administrators who do not possess the knowledge and skill sufficient to ensure the health, safety and welfare of assisted-living facility residents. The proposed licensure requirements will result in fewer individuals being qualified to serve as administrators, and will increase the costs to assisted-living facilities. A small number of assisted-living facilities may not stay in business due to the increased cost and difficulty in

⁴ The healthcare related field degree must include a minimum of 21 semester hours must be distributed as follows: six semester hours on resident/client services management, three semester hours on human resource management, three semester hours on financial management, three semester hours on physical environment management, three semester hours on leadership and governance, and three semester hours for an internship.

⁵ Source: Department of Health Professions

finding a qualified administrator. Other facilities that do have a qualified administrator may obtain increased business as a result.

Businesses and Entities Affected

The Virginia Department of Social Service has approximately 620 facilities licensed to provide assisted living – both in residential care and assisted living care. Approximately 90% of those are licensed to provide assisted living care and would be required to employ a licensed administrator. With the exception of a few nationally owned and operated chain facilities, most are small businesses. Organizations that offer continuing education courses for assisted living administrators will be affected as well.

Localities Particularly Affected

The proposed regulations affect all Virginia localities.

Projected Impact on Employment

Some individuals who currently qualify to work as an assisted-living facility administrator will no longer be qualified under the proposed regulations. These individuals may seek other employment. Employment at organizations that offer continuing education courses for assisted living administrators may moderately increase.

Effects on the Use and Value of Private Property

As detailed above, the proposed licensure requirements will increase expenses for assisted living facility administrators, particularly those that do not already meet most of the proposed qualification requirements. Even those administrators that already meet the initial qualifying requirements will face new expenses with licensure fees. These individuals may also not have already been obtaining 20 hours of continuing education every year, and will face additional expenses in meeting this proposed licensure renewal requirement. Thus, the net worth for some assisted living facility administrators may decline. On the other hand, since fewer individuals will legally qualify to work as assisted living facility administrators, those individuals whose qualifications do meet the proposed requirements will likely command higher salaries. This will in turn increase costs for assisted living facilities.

A small number of assisted-living facilities may not stay in business due to the increased cost and difficulty in finding a qualified administrator. Other facilities that do have a qualified administrator may get increased business as a result.

Organizations that offer continuing education courses for assisted living administrators will likely gain business due to the proposed continuing education requirements for licensure renewal. Consequently, the value of these organization will likely increase.

Small Businesses: Costs and Other Effects

The required licensure of assisted living facility administrators will increase costs for assisted living facilities, most of which are small businesses. Those facilities whose administrator already meets most of the proposed licensure requirements will face less additional cost than those facilities whose administrator falls far short of the proposed requirements. The latter facilities may need to hire a different administrator who commands higher pay.

Providers of continuing education, many of which are likely small businesses, will likely gain some business due to the proposed licensure renewal requirement of 20 hours of continuing education per year.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The 2005 Acts of the Assembly require the board to license assisted living facility administrators due to concerns about the health, safety and welfare of assisted-living facility residents. The proposed regulations effectively create five routes to licensure. The board believes that the requirements of the proposed routes to licensure are necessary to ensure health, safety and welfare. Other than reducing the required hours of training and education, there is no clear alternative method that minimizes adverse impact. It is possible that health, safety and welfare would not be substantially affected with a modest reduction in the proposed requirements, but no data is currently known to exist to accurately assess this possibility.

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 21 (02). 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.