



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 90-20 – Regulations Governing the Practice of Nursing Department of Health Professions November 8, 2004

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

In 2003, the General Assembly enacted Chapter 249, which created the authorization for Virginia's membership in the Nurse Licensure Compact effective January 1, 2005. Pursuant to Chapter 49 of the 2004 Acts of the Assembly, the Board of Nursing (board) proposes to amend these regulations so as to implement the provisions of the Nurse Licensure Compact.

Estimated Economic Impact

In describing the Nurse Licensure Compact (compact), the National Council of State Boards of Nursing states that

The mutual recognition model of nurse licensure allows a nurse to have one license (in his or her state of residency) and to practice in other states (both physical and electronic), subject to each state's practice law and regulation. Under mutual recognition, a nurse may practice across state lines unless otherwise restricted. In order to achieve mutual recognition, each state must enact

legislation authorizing the Nurse Licensure Compact. States entering the compact also adopt administrative rules and regulations for implementation of the compact.¹

Currently the following states have entered the compact: Arizona, Arkansas, Delaware, Idaho, Iowa, Maine, Maryland, Mississippi, Nebraska, New Mexico, North Carolina, North Dakota, South Dakota, Tennessee, Texas, Utah and Wisconsin.² In 2003, the General Assembly enacted Chapter 249, which created the authorization for Virginia's membership in the compact effective January 1, 2005. Sections § 54.1-3030 through § 54.1-3040 of the Code of Virginia provide the legal basis for the compact and specific statutory language for participation and administration. The board proposes to amend these regulations to specify: 1) procedural matters of issuing a license in a compact state, 2) disciplinary proceedings with the compact system, and 3) access to data on the coordinated licensure system.

The compact system produces a net benefit for member states, their nurses, and their patients in that it makes it less costly for nurses to move from areas of relatively low nurse demand to areas of relatively high nurse demand. Nurses in compact states do not have to pay additional licensure fees and spend the time and effort to become licensed in other compact states in order to work there. Since it will be less costly for nurses to move from areas of relatively low nurse demand to areas of relatively high nurse demand, nurses will be more likely to move and there will be both less unemployment for nurses, and fewer nurse positions left unfilled. Thus, more nursing services will be provided to patients.

This can be particularly beneficial for nurses and employers located near the border of two compact states. (Virginia shares a border with compact states Maryland, North Carolina, and Tennessee.) Nurses living and licensed in Virginia may be able to find work across the border within a reasonable commute, and Virginia hospitals and clinics (and other nurse employers) may be better able to fill nursing positions by hiring nurses living and licensed across the border.

All compact states require that their nurses pass the same National Council of State Boards of Nursing examinations and have graduated from an accredited nursing program in

¹ Source: <http://ncsbn.org/nlc/index.asp> on November 5, 2004.

² Source: Department of Health Professions and <http://ncsbn.org/nlc/index.asp> on November 5, 2004.

order to obtain licensure. Thus, the minimum demonstrated knowledge and abilities necessary for licensure should be similar for the compact states.

Businesses and Entities Affected

There are approximately 7,280 registered nurses and 1,688 practical nurses licensed in Virginia who have home addresses in compact states (other than Virginia). These nurses will no longer need to be licensed in Virginia to practice in the Commonwealth. Other nurses in the compact states, including Virginia, their patients, and their employers will be affected as well.

Localities Particularly Affected

The proposed regulations affect all Virginia localities, but may affect localities near Maryland, North Carolina, or Tennessee in particular.

Projected Impact on Employment

The proposed amendments will likely increase the employment of nurses.

Effects on the Use and Value of Private Property

Since the cost for nurses from other compact states to work in Virginia is reduced, there will likely be more of these nurses applying for jobs in the Commonwealth than there would have been if Virginia did not join the compact. On the other hand, since the cost for nurses from Virginia to work in other compact states is reduced, there will likely be more Virginian nurses applying for jobs in other compact states than there would have been if Virginia did not join the compact. As stated above, since it will be less costly for nurses to travel from areas of relatively low nurse demand to areas of relatively high nurse demand, nurses will be more likely to move or commute across state borders and there will be both less unemployment for nurses, and fewer nurse positions left unfilled.

To the degree that nurses do increase how often they seek employment in another compact state, the market salaries for nurses will likely be affected. An increase in the number of nurses applying for positions in areas where employers have had trouble filling nurse positions, i.e. areas of relatively high nurse demand, will reduce the pressure on employers to raise salaries to fill positions. Thus, the market salaries in these areas may be lower than they would be without the reduced cost for nurses to work in other states due to the compact. On the other hand, a reduction in the number of nurses applying for positions in areas where there have

been an abundance of nurses available per nursing job, i.e. areas of relatively low nursing demand, will make it more likely that employers will have to offer higher salaries in order to have qualified nurses fill positions. Thus, the market salaries in these areas may be higher than they would be without the reduced cost for nurses to work in other states due to the compact.