



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 95-20 – Regulations Governing the Practice of Nursing Home Administrators
18 VAC 95-30 – Regulations Governing the Practice of Assisted Living Facility
Administrators
Department of Health Professions
January 30, 2011

Summary of the Proposed Amendments to Regulation

The Board of Long Term Care Administrators (Board) proposes to institute one new fee (a fee for reinstatement after disciplinary action), immediately increase most fees paid by licensees and registrants that are subject to the Board's authority and to also set further fee increases to take effect on January 1, 2014.

Result of Analysis

There is insufficient information to accurately gauge whether benefits are likely to outweigh costs for these proposed changes.

Estimated Economic Impact

The Board proposes to change most of its fees for nursing home administrators, assisted living administrators, preceptors and administrator-in-training program applications, now and again in 2014. Below is a comparison table for current and proposed fees:

*This percentage increase is between fee proposed for now and fee proposed for 2014.

FEE TYPE	CURRENT FEE	FEE PROPOSED NOW	% INCREASE	FEE PROPOSED FOR 2014	% INCREASE*
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Fee Increases For Nursing Home Administrators					
A.I.T. Program Application	\$185	\$215	16.21%	\$250	16.27%
Preceptor Application	\$50	\$65	30%	\$85	30.77%
Licensure Application	\$200	\$315	57.5%	\$360	14.86%
Verification of Licensure Requests from States	\$25	\$35	40%	\$40	14.29%
Nursing Home Administrator License Renewal	\$225	\$315	40%	\$360	14.29%
Preceptor Renewal	\$50	\$65	30%	\$85	30.77%
Penalty for Nursing Home Administrator Late Renewal	\$65	\$110	69.23%	\$120	9.1%
Penalty for Preceptor Late Renewal	\$20	\$25	25%	\$30	20%
Nursing Home Administrator Reinstatement	\$315	\$435	38.09%	\$485	11.49%
Preceptor	\$95	\$105	10.53%	\$125	19.05%

Reinstatement					
Duplicate License	\$15	\$25	66.67%	\$30	20%
Duplicate Wall Certificate	\$25	\$40	60%	\$50	25%
Reinstatement After Disciplinary Action	None	\$1,000	N/A	\$1,000	No Change

Fee Increases For Assisted Living Facility Administrators

ALF A.I.T. Program Application	\$185	\$215	16.21%	\$250	16.27%
Preceptor Application	\$50	\$65	30%	\$85	30.77%
Licensure Application	\$200	\$315	57.5%	\$360	14.86%
Verification of Licensure Requests from States	\$25	\$35	40%	\$40	14.29%
Assisted Living Facility Administrator License Renewal	\$225	\$315	40%	\$360	14.29%
Preceptor Renewal	\$50	\$65	30%	\$85	30.77%

Penalty for Assisted Living Facility Administrator Late Renewal	\$65	\$110	69.23%	\$120	9.1%
Penalty for Preceptor Late Renewal	\$20	\$25	25%	\$30	20%
Assisted Living Facility Administrator Reinstatement	\$315	\$435	38.09%	\$485	11.49%
Preceptor Reinstatement	\$95	\$105	10.53%	\$125	19.05%
Duplicate License	\$15	\$25	66.67%	\$30	20%
Duplicate Wall Certificate	\$25	\$40	60%	\$50	25%
Returned Check Fee	\$35	\$35	No Change	\$35	No Change
Reinstatement After Disciplinary Action	None	\$1,000	N/A	\$1,000	No Change

Board staff reports that the Board had a surplus for FY 2009 of \$16,929 but ran a deficit for FY2010. Absent approval of these fee increases, Board staff reports that the deficit for FY2014 is projected to be \$611,261 and may reach as high as \$951,192 by FY2016. Board staff

reports that the these fee increases are needed because 1) the costs of healthcare for Board employees and lease payments for office space have increased, 2) some Board non-general funds were transferred in FY2010 to the General Fund to help close the budget gap and, so, won't be available to cover the cost of licensure services, 3) costs for information technology (IT) services have skyrocketed and 4) enforcement and adjudications costs have run well over budget.

The Department of Health Professions (DHP) reports that a large portion of the expected expenditure increases over their forecast horizon are needed to cover increased costs for services from the Virginia Information Technologies Agency (VITA). DHP reports that its VITA services costs have more than tripled from FY2005 to FY2011, from \$850,000 to \$3.6 million, and are expected to be \$4.4 million in FY2012. A large portion of the increase in costs, at least for FY 2010 and FY 2011, can be attributed to the planned move of DHP's licensing servers from DHP to Northrop Grumman. DHP anticipates that this will increase the costs for maintaining these servers by approximately \$80,000 per month (\$960,000 per year). This Board is and will be responsible for a proportional share of these costs. Although it is likely beyond the capacity of DHP to control the very rapid growth of these costs, licensees of this Board (and all other DHP Boards) would benefit from increased scrutiny of services provided to DHP through VITA.

Board Staff also reports that a portion of DHP's non-general fund bank account balances that would have partially offset the need for fee increases were instead moved to the General Fund by the Budget Bill of 2010 to help close the gap between revenue and expenditures. Staff reports that the Board's portion of this transfer was \$17,997. Staff further reports that there is a possibility that further transfers could be required in the current budget or future budgets. Licensees likely are harmed by these transfers as funds that were collected from them (and the interest those funds earned) that would have been used to cover the costs of administering their licensure program are instead used to offset the need for an increase in general taxes or for further budget cuts.

Board staff reports that, in FY 2010, "investigative costs were 497% over budget and adjudication costs were 369% over budget". In FY09, the Board investigated 21 nursing home cases and 4 assisted living cases; in FY10, there were 36 nursing home cases and 27 assisted

living cases. Board staff reports that the Board is working with Enforcement and Administrative Proceedings to develop alternative methods for managing the caseload with the intent of reducing the number of investigative hours and streamlining the preparing of documentation.

Businesses and Entities Affected

DHP reports that the Board currently regulates 850 nursing home administrators, 556 assisted living facility administrators, 379 preceptors and 150 administrators-in-training. All of these entities, as well as any individuals or entities who may wish to become licensed or registered in the future, will be affected by these proposed regulations.

Localities Particularly Affected

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

Projected Impact on Employment

Fee increases in this regulatory action will likely marginally decrease the number of individuals who choose to work in professional fields that are regulated by the Board. Individuals who work part time or whose earnings are only slightly higher in these licensed fields than they would be in other jobs that do not require licensure will be more likely to be affected.

Effects on the Use and Value of Private Property

To the extent that affected licensees' fees are paid by their private business employers, fee increases will likely slightly decrease business profits and make their businesses slightly less valuable.

Small Businesses: Costs and Other Effects

DHP reports that most licensees are employed by small private businesses or non-profit ventures.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There are several actions that the Board could take that might mitigate the necessity of raising fees overall. The Board could slightly lengthen the time that it takes to process both license applications and complaints so that staff costs could be cut. This option would benefit current licensees but would slightly delay licensure, and the ability to legally work, for new

applicants. Affected small businesses would also likely benefit from increased scrutiny of the IT costs that are driving increases in both agency and Board expenditures.

Real Estate Development Costs

This regulatory action will likely have no effect 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.