



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 95-20-80 – Regulations Governing the Practice of Nursing Home Administrators Department of Health Professions (DHP), Board of Nursing Home Administrators

April 23, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.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 proposed regulation increases various fees paid by nursing home administrators and preceptors to the Board of Nursing Home Administrators. The purpose of these fee increases is to bring the Board into compliance with the Board's interpretation of § 54.1-113 of the Code of Virginia. Section 54.1-113 requires all regulatory boards under the Department of Health Professions to revise their fee schedules if, after the close of any biennium, there is more than a 10 percent difference between revenues and expenditures. The proposed fee changes are as follows:

Nursing Home Administrators

- Annual renewal of an active license will increase from \$125 to \$225;
- The penalty for late renewal of a license will increase from \$50 to \$65;
- Reinstatement of a lapsed license (a license not renewed within one year) will increase from \$225 to \$315;

Preceptors

- Annual renewal of an active license will increase from \$60 to \$100;
- The penalty for late renewal of a license will increase from \$25 to \$35;
- Reinstatement of a lapsed license (a license not renewed within one year) will increase from \$110 to \$150;

Miscellaneous fees

- Application for licensure will increase from \$150 to \$200;
- The fee for licensure verification to another jurisdiction will be raised from \$10 to \$25.
- The cost of obtaining a duplicate license would be reduced from \$25 to \$15; and
- The cost of obtaining a duplicate wall certificate would be reduced from \$50 to \$25.

Estimated Economic Impact

There has not been a fee increase for licensees under the Board of Nursing Home Administrators since 1994. However, expenditures for the Board have risen due to increases in staff salaries and benefits, expenses associated with new data systems and the health practitioner intervention program, and increases in enforcement activities. Under the current fee structure, the Board projects a deficit of \$185,000 for the 2002-2004 biennium.¹ The level of the proposed fee increases is based on revenue and expenditure projections prepared by DHP for the Board of Nursing Home Administrators. The projections also assumed a continuing decline in the number of licensed nursing home administrators. However, if the number of licensees drops significantly, the Board may be faced with additional deficits that would have to be addressed with further fee increases or other alternatives such as eliminating an independent board or sunsetting the licensure requirement.

The effect of the new fee schedule will be an increase in application and licensure costs for all nursing home administrators and preceptors facilities licensed in Virginia. Specifically, renewal fees paid by licensees will increase by approximately \$75,000 per year. According to DHP, the proposed fee increases are necessary to cover the administrative and disciplinary activities of the Board of Nursing Home Administrators. Sufficient funding is essential to

¹ This figure reflects the difference of the projected FY2002-2004 expenditures (\$369,994) and the projected revenue under the current fee structure (\$242,800) added to the beginning balance of -\$57,964.

prevent a delay in application processing, license renewals, and the investigation of complaints and disciplinary proceedings against practitioners who are accused of substandard care or violations of law and regulation, in order to protect the public health and safety of residents of nursing homes in Virginia.

Although the total increase in compliance costs is substantial, from an individual perspective these fees represent a very small portion of the total cost of entry into the nursing home industry (e.g., the *total* cost of entry includes all education and training expenses). The recent decline in the supply of nursing home administrators is of concern, however, according to persons in the profession and affiliated with the nursing home industry, the root causes include the extraordinary regulatory burden of federal and state laws and rules governing the operation of a nursing home, the availability of similar professional opportunities in less-regulated environments (assisted living facilities) and the profession's lack of appeal to younger persons. While the increased fee will not enhance the prospects for increasing the number of licensees, the Board does not believe that licensure fees alone will result in a reduction in the number of applicants for licensure or the number of licensed persons available to provide administrator services to the public. The proposed fee changes, therefore, are unlikely to have a significant effect on the decision of individuals to enter or exit this profession. For this reason, the proposed regulatory changes should have no economic consequences beyond the anticipated increase in licensing costs.

Businesses and Entities Affected

There are currently 674 nursing home administrators and 180 preceptors licensed by the Board of Nursing Home Administrators in Virginia.

Localities Particularly Affected

The proposed fee changes will not affect any particular localities since they apply statewide.

Projected Impact on Employment

Since the application and licensure renewal fees represent a very small portion of the total cost of entry into the nursing home industry, and the significant decline in the supply of administrators is believed to stem from other factors, no significant impact on employment in Virginia is expected.

Effects on the Use and Value of Private Property

The proposed fee changes are not expected to have any significant effects on the use and value of private property in Virginia.