

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3359 - A4**79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Kim To
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Date: 6/27/2017**Measure Description:**

Establishes Residential Care Quality Measurement Program and Quality Measurement Council within Department of Human Services to develop quality metrics for residential care facilities, require reporting of quality metrics by residential care facilities, provide reports to individual residential care facilities and compile aggregate information about quality of care in residential care facilities.

Government Unit(s) Affected:

Department of Human Services (DHS), Judicial Department, Oregon Medical Board, Oregon Patient Safety Commission [Semi-Independent Agency]

Analysis:

House bill 3359 with the -A4 amendment modifies statutes related to the licensing and supervisions of residential care facilities, and establishes the Residential Care Quality Measurement Program in the Department of Human Services (DHS), and creates an eight-member Quality Measurement Council to advise the department regarding the operation of this Program.

Department of Human Services (DHS)

	2017-19 Biennium	2019-21 Biennium
Other Funds		
Personal Services	803,861	918,704
Services and Supplies	470,667	204,568
Total Other Funds	\$1,274,528	\$1,123,272
Federal Funds		
Personal Services	803,861	918,704
Services and Supplies	467,412	200,844
Total Federal Funds	\$1,271,273	\$1,119,548
TOTAL FUNDS		
Personal Services	1,607,722	1,837,408
Services and Supplies	938,079	405,412
TOTAL FUNDS	\$2,545,801	\$2,242,820
Positions	10	10
FTE	8.80	10.00

DHS estimates the fiscal impact of this bill to be \$2,545,801 Total Funds, 10 positions, and 8.80 FTE for the 18 months of the 2017-19 biennium; and \$2,42,820 Total Funds, 10 positions, and 10.00 FTE for the full 24 months of the 2019-21 biennium. DHS anticipates using funds from the increase in initial licensing application fees as well as current balances in the Quality Care Fund to support the work required by this bill. Funds existing in the Quality Care Fund that were derived from licensing fees, will be used to fund the licensing activities, the funds derived from fines will be used to fund one-time \$550,000 information technology costs. The fiscal impact can be further broken out into the following components:

- The bill authorizes DHS to impose a condition on the license of a facility in response to a substantiated finding of abuse or a rule violation, whether or not the finding of immediate jeopardy is substantiated at the time the license condition is imposed. This provision will require re-inspection and re-evaluation of a facility within 15 business days of receipt of the facility's written

assertion of substantial compliance. The provision also requires response within 5 days to providers with results of inspections. To address this increase in workload, DHS anticipates needing two positions: one Client Care Surveyor and one Compliance Specialist 3. The personal services and related services supplies is estimated at \$392,651 Total Funds, 2 positions, and 1.76 FTE.

- The bill requires DHS to establish a uniform system for residential care facilities to report quality metrics, publish annual reports that report performance metrics and develop online training modules to address top issues identified in surveys or other licensing actions. DHS estimates the cost of developing both these tools to be \$300,000 Total Funds.
- The bill requires DHS to: (1) convene the eight-member Quality Measurement Council charged with prescribing the implementation of the Quality Care Measurement Program; (2) establish a uniform electronic reporting system for residential care facilities to report quality metrics data; (3) publish a report, based on data reported each year by each residential care facility; (4) provide an annual report to each reporting residential care facility; and (5) post and keep updated the data used to prepare the report and make available to the public in a standard format and in plain language the data reported by each residential care facility. DHS anticipates establishing one Operation and Policy Analyst 3 position to carry out this work. The personal services and related services supplies is estimated at \$199,871 Total Funds, 1 position, and 0.88 FTE.
- The bill requires DHS to develop an enhanced oversight and supervision program for Residential Care facilities. DHS will require: one Operation and Policy Analyst 3 positions to work with facilities to implement process around the detailed requirements and timeframes of the new oversight framework and guidelines required by the bill; two Client Care Surveyors to perform field visits throughout the year to address issues of non-compliance, and to assist facilities with the process of coming back into compliance with federal and state regulations; one Training and Developmental Specialist 2 position to provide ongoing training for licensors, surveyors, and facilities; and One Principal Executive Manager E position to oversee the Residential Care Quality Measurement Program. The personal services and related services supplies is estimated at \$1,004,778 Total Funds, 5 positions, and 4.40 FTE.
- The bill requires DHS to develop, in collaboration with residential care facilities, an objective, technology-based, acuity-based staffing tool that may be used to evaluate whether a residential care facility has adequate staffing to meet the 24-hour scheduled and unscheduled needs of each resident. The bill also requires DHS to utilize this tool to enter data about resident acuity and staffing plans to place a staffing requirement on a non-compliant facility. Staffing needs for this work: One Operation & Policy Analyst 3 to set up the tool and work with facilities to collect data; and one Client Care Surveyors to carry out field visits to ensure compliance. The personal services and related services supplies is estimated at \$398,501 Total Funds, 2 positions, and 1.76 FTE. In addition, DHS estimates the cost to develop the acuity-based staffing tool to be \$250,000.

DHS estimates that for the 2017-19 biennium, the application and licensing fees increase for long term care facilities will generate an additional \$425,940 Other; and that the application and licensing fees increase for residential care facilities will generate an additional \$502,900 Other Funds. For the 2017-19 biennium, an addition \$478,055 from the Quality Care Fund will be needed to subsidize the startup work required by this bill. DHS anticipates that increases in facilities fines and fees will offset these costs in future biennia.

Oregon Judicial Department (OJD)

The fiscal impact of this measure on OJD is minimal. The measure allows DHS to revoke or suspend the license of a residential care facility licensed by the department. The residential care facility is entitled to a contested case hearing to appeal an order of immediate suspension. This could result in an increase

in caseload for the Court of Appeals. However, OJD anticipates the agency can absorb caseload increases within existing resources.

Oregon Medical Board (OMB)

Passage of this bill is anticipated to have minimal fiscal impact on OMB. The bill requires the Oregon Medical Board to encourage physicians to obtain continuing education in the detection and early diagnosis of Alzheimer's disease. This fiscal assumes OMB will use existing staff and resources to perform this work.

Long Term Care Ombudsman (LTCO), Oregon Patient Safety Commission (OPSC)

Passage of this bill is anticipated to have minimal fiscal impact on LTCO and OPSC. The bill requires LTCO and OPSC to participate as members on the Quality Measurement Council. This fiscal assumes that LTCO and OPSC will reprioritize the duties of existing staff to allow participation on the Council.