

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5092 2S SB	<b>Title:</b> Long-term care oversight
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## Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost. Please see discussion."					
Department of Social and Health Services	Non-zero but indeterminate cost. Please see discussion."					
<b>Total \$</b>	0	0	0	0	0	0

## Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total</b>	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

## Estimated Capital Budget Impact

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

<b>Prepared by:</b> Ryan Black, OFM	<b>Phone:</b> 360-902-0417	<b>Date Published:</b> Pending Distribution
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID 29935

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5092 2S SB	<b>Title:</b> Long-term care oversight	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/31/2011
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 04/04/2011
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 04/04/2011
OFM Review: Matthew Bridges	Phone: (360) 902-0575	Date: 04/05/2011

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

2SSB 5092 creates the adult family home account. Earnings from investments will be credited to the general fund.

Earnings from investments:

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the March 2011 Revenue Forecast that the net rate for estimating earnings for FY 11 is 0.50%, FY 12 is 0.25%, and FY 13 is 1.63%. Approximately \$5,000 in FY 11, \$2,500 in FY 12, and \$16,300 in FY 13 in net earnings and \$5,000 in fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

2SSB 5092 creates the adult family home account. Earnings from investments will be credited to the general fund.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## Part IV: Capital Budget Impact

NONE

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5092 2S SB	<b>Title:</b> Long-term care oversight	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

☒ No Fiscal Impact

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/31/2011
Agency Preparation: Don Whiting	Phone: 360-725-2706	Date: 04/04/2011
Agency Approval: Connie Shumate	Phone: 725-2911	Date: 04/04/2011
OFM Review: Tristan Wise	Phone: (360) 902-0538	Date: 04/04/2011

Request # 135-3A0-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 503

The office of the Long Term Care Ombudsman is required to convene an adult family home quality assurance panel to review problems concerning quality of care provided to residents and review the oversight process in the Department of Social and Health Services. The panel will meet bi-monthly in FY12 and is required to make a report to the Governor and the Legislature of its findings and recommendations by July 1, 2012.

Section 601

Section 503 is null and void if specific funding is not provided in the omnibus appropriations act by June 30, 2011.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

None

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Section 503

Grants, Benefits, and Client Services

The Department of Commerce provides the services of the office of the Long Term Care Ombudsman through a grant to a nonprofit agency. That office estimates that the costs associated with conducting and providing staff support to the Adult Family Home Quality Assurance Panel will include: staff support averaging \$40.00 per hour for 20 hours per month (\$800), attorney general services averaging \$130 an hour for 4 hours per month (\$520), and \$500 for office supplies and printing for the report to the Governor and the Legislature.

FY12: \$16,340

Inter-Agency Reimbursements

The Department of Commerce is reimbursed by the Department of Social and Health Services for services performed by the office of the Long Term Care Ombudsman.

FY12: minus \$16,340

Request # 135-3A0-1

Bill # 5092 2S SB

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

None

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5092 2S SB	<b>Title:</b> Long-term care oversight	<b>Agency:</b> 300-Dept of Social and Health Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

### Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/31/2011
Agency Preparation: Edward Giger	Phone: 360-902-8067	Date: 04/15/2011
Agency Approval: Dan Winkley	Phone: 360-902-8179	Date: 04/15/2011
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 04/16/2011

Request # 112SSB5092-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 203 (2) is amended to state that a licensed operator must wait 24 months before applying for another license. The department won't accept another license application from a provider for 24 months following any enforcement action that has been taken against a current license.

Section 203 (3, 4) - Require ADSA to inspect other homes of an owner if an owner has a serious noncompliance issue at one home. Also, imposes a \$300 penalty for each additional inspection.

Section 206 - Adult Family Home (AFH) provider must ensure a qualified caregiver is on-site whenever a resident is at the AFH.

Section 208 (2) - Civil penalties up to \$3000 for violating AFH licensing laws and rules and up to \$10,000 for operating an unlicensed home.

Section 208 (6) - Creation of a separate Adult Family Home Account at the State Treasurer where all civil penalties imposed under this chapter will be deposited. Only the Director or the Director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. The Department shall use the account only for promoting the quality of life and care of residents living in adult family homes.

Section 208 (7) - Department will create by rule how and when sanctions specified in this sections are applied.

Section 403 (10) - Changes the AFH initial processing fee to \$2,750. The renewal license fee will be set in the Omnibus Appropriations Act.

Section 501 - Subject to funding, adds additional investigative resources to address a significant growth in the Long-Term Care complaint workload, subject to funding provided.

Section 502 - Subject to funding, adds quality review and accountability resources to improve the accountability of staff and provide a consistent application of investigative activities in all Long-Term Care settings, subject to funding provided.

Section 503 - Subject to funding, the LTC Ombudsman will convene an AFH quality assurance panel to recommend specific changes in the Department's oversight activities. The panel will include representatives from the Washington State Residential Care Council, Adult Family Homes United, the department management and its field staff, Disability Rights of Washington, and members of the community. The Department must provide data on previous inspection, complaint investigation, enforcement actions, as negotiated between the panel and department. The panel must make recommendations on specific changes on adult family home oversight activities including steps to decrease minor infractions, increase sanctions for serious violations, improve responsiveness to consumers, and provide more timely response to complaints. The panel will report to the Governor and the Legislature by July 1, 2012, and is subject to funding provided for this specific purpose.



## II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

The License Fees in this bill will generate GF-Federal and GF-Local. Given that the Fees will be set in the Appropriations Act, the Department cannot determine the impact of the Fees. If the fees were to cover the whole cost of licensure and oversight for ADSA then the Fee would generate \$1,754,000 GF-Federal and \$11,472,000 GF-Local for the 2011-13 Biennium.

At a minimum, this bill increases the initial license fee for the Adult Family Homes (AFH) to \$2,750. This will generate \$413,000 per year assuming that 150 new AFH are started each year. In previous estimates of initial license fees the Department has assumed up to 250 new AFH per year. At 250 new homes the initial fee would generate \$688,000. The lower number was assumed because of the largeness of the fee and no Medicaid reimbursement compared to other estimates. Compared to the "processing fee" for initial homes in current law, this bill does not require any of initial home fee to be rebated, reimbursed, or applied to future years, so all of the revenue from the fee is available to be used to cover oversight costs.

## II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The Department assumes an indeterminate fiscal impact due to the many unknowns associated with this bill. Per the bill, the operating budget will set the assumptions around fee levels/revenues for renewal fees and expenditure levels. These are outlined below.

Since the fees are not detailed in this bill the Department can't accurately estimate the fiscal impact. The Department did calculate the license fees if the Appropriations Act covers all the costs associated with licensure, certification and investigations. Those impacts are as follows:

### AFH License Fee:

- Current: annual fee is \$100/home, covers only six percent of Fiscal Year 2011 state oversight costs (approximately \$4,200,000 is subsidized by GF-State). Established businesses pay \$100/home, and newly licensed businesses pay an annual fee of \$100/home, as well as a processing fee of \$800/home, during year one of operation. New businesses pay no renewal fee the next three years and resume paying an annual fee during the fifth year of operation. If the business is still operating after four years, then \$500 from the processing fee is refunded. (This effectively means that nothing beyond \$100 is reliably available to cover ongoing oversight, as the funds must be held in reserve.)

- Assumed Fee: The Fiscal Year 2012 and 2013 renewal fees would need to be \$388 and \$378, respectively, or a biennial average of \$383 and the initial fee is \$2,750.

	GF-State	GF-Federal	GF-Local	FTE
Fiscal Year 2012	(\$2,906,000)	\$338,000	\$5,045,000	7.5
Fiscal Year 2013	(\$3,031,000)	\$370,000	\$5,083,000	7.1

#### Nursing Home Fee:

- Current: annual fee/bed is \$327, covers approximately 100 percent of Fiscal Year 2011 state oversight costs.
- Assumed Fee: The Fiscal Year 2012 and 2013 renewal fees would need to be \$372 and \$386, respectively, or a biennial average of \$379.

	GF-State	GF-Federal	GF-Local	FTE
Fiscal Year 2012	\$0	\$310,000	\$352,000	10.8
Fiscal Year 2013	\$0	\$414,000	\$486,000	14.7

#### Boarding Homes

- Current Fee: annual fee/bed is \$106, covers approximately 100 percent of Fiscal Year 2011 state oversight costs.
- Assumed Fee: annual renewal fee per bed would be \$111 in Fiscal Year 2012 and \$110 in Fiscal Year 2013 to cover next biennium's oversight costs - including approximately \$9 for improved oversight from increased investigation resources and quality assurance.

	GF-State	GF-Federal	GF-Local	FTE
Fiscal Year 2012	\$0	\$198,000	\$266,000	3.8
Fiscal Year 2013	\$0	\$224,000	\$301,000	4.3

The assumed increase in fees will fully cover the Department's 2011-13 biennial costs at the current level of oversight for Nursing Homes (NH), Boarding Homes (BH) and Adult Family Homes (AFH). In addition, a smaller portion of the fee increase covers improved oversight by funding complaints investigation workload and independent quality assurance.

Section 503 of the bill requires the Department, subject to specific funding, to provide the Long-Term Care Ombudsman AFH Quality Assurance Panel with data on previous inspections, complaint investigation, enforcement actions, as negotiated by the Panel and the Department. Providing this information will cost the Department significant staff time. Without knowing the requests by the Panel, it is difficult to assume the costs. The Department assumes one FTE, at a minimum, and \$116,000 would be needed to support the Panels requests and recommendations to the Governor and Legislature on July 1, 2012. In addition, the LTC Ombudsman needs \$16,340 in Fiscal Year 2012 for conducting and supporting the AFH Quality Assurance Panel. The costs breakdown as follows:

- Staff Support at \$40 per hour for 20 hours per month - \$800 per month for 12 months - \$9,600
- Attorney General Services at \$130 per hour for 4 hours per month - \$520 per month for 12 months - \$6,240
- \$500 for office supplies and printing for the report to the Governor and Legislature.

Section 203 and 208 allow the Department to impose civil penalties on AFH that have serious, uncorrected, or repeated deficiencies in their inspections or complaint investigations. The Department assumed no revenue from fines because the Department imposes other sanctions that can be implemented immediately and have proven more effective in obtaining provider compliance. In addition, the revenue stream is unpredictable as it depends on the identification of serious, uncorrected, or repeated deficiencies during AFH inspections every 15-18 months, and complaint investigations. The Department imposed fines on approximately 100 AFHs in the last year.

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

NONE

None

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Changes to Washington Administrative Code are needed.