

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-2145/2	Introduction Number SB-108	
Description Mandatory overtime hours and on-call time worked by health care workers and providing penalties		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.485 (1)(gk)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DVA 10/5/2009

LRB Number	09-2145/2	Introduction Number	SB-108	Estimate Type	Original
Description Mandatory overtime hours and on-call time worked by health care workers and providing penalties					

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits a health care facility from requiring an employee to work for more than a regularly scheduled daily shift that has been determined and agreed to before the performance of the work (overtime) or to be on on-call time, which the bill defines as time during which a health care worker is required to be ready to report to work on short notice if the need arises, in lieu of working overtime against mandatory overtime. The prohibitions under the bill do not apply in cases in which the health care worker consents to working overtime or to being on on-call time, or in cases of unforeseeable emergency. However, the bill specifies that "unforeseeable emergency" does not include a situation in which the health care facility has inadequate staff due to chronic short staffing or other foreseeable causes. Affected employees include those who are paid an hourly wage or classified as a non-supervisory employee for collective bargaining basis and are involved in providing direct health care services for patients or residents or in providing clinical or laboratory services (health care worker). The Wisconsin Veterans Home at King (WVH-K) and the Wisconsin Veterans Home at Union Grove (WVH-UG) would be impacted by this bill.

The largest local provider of contracted nursing services, PRN Health Services, Inc., has provided an estimate of their hourly charges for Registered Nurse (RN), Licensed Practical Nurse (LPN) and Certified Nursing Assistant (CNA). These were used for replacement staff estimates. This estimate also assumes that current contract costs will not increase. If this bill passes there will be significant increase in demand for contract nurses and we could expect a significant increase in contract nurse costs. Therefore, it is impossible to make a realistic fiscal estimate for this legislation.

The following assumptions are used to calculate the fiscal effect of the bill on the WVH-K and WVH-UG:

1. "Health Care Worker" involved in "direct care of patients" includes: Nurse Therapy Assistant (NTA), Nurse Clinician (NC), RNs, LPNs, and CNAs.
2. The overtime hours for FY 09 were used to determine the estimated fiscal effect of the bill. The bill does allow the assignment of at least some portion of extra time (vs. overtime), if those hours are "agreed upon before the performance of the work." However, since it is not predictable what hours could qualify as "extra time", all overtime hours are being used for these calculations.
3. The average wage used for staff overtime is the actual cost per classification from FY 09 (26 pay periods) divided by the number of hours worked in each classification during that time.
4. 80% of total overtime costs for FY 09 were utilized for this estimate. This assumes that 20% of the affected staff would desire to work overtime hours.
5. All overtime hours not desired by staff (80% of the total) would have to be contracted out if it is not possible to assign hours to our current staff.
6. It has been WVH-K's experience in utilizing the services of numerous agencies (WVH-K currently has contacts with 3 different firms) that they are unable to cover all the staff hours needed. They specifically have been unable to meet the needs in a less than 24-hour notice situations. The less than 24-hour overtime requirements are deemed to be the most difficult for staff to cover and the most distasteful to them.
7. The estimated float pool requirements are based on staff in each classification and the numbers of shifts they work. NC float pool needs are estimated to be three for day shifts, two for night shifts and one for Nurses on Call (NOC). LPNs are one each for the day and evening shifts. CNAs are three for day shifts, two for night shifts, and one on NOCs. The cost of mandatory overtime is based on the cost to meet the need with contracted staff.

8. The cost of mandatory overtime is based on the cost to meet the need for overtime (80%) with contracted nursing staff. In FY09 the actual overtime hours:
RN's at 2,855 hrs x .80 = 2,284 hrs x \$47.50 = \$108,490,
LPN's at 3,940 hrs x .80 = 3,152 hrs x \$42.00 = \$132,384,
C N A's at 47,293 hrs x .80 = 37,834.40hrs x \$21.00 = \$794,522.40

The cost for contracting locally for replacement direct care staff, combined with a portion of overtime worked by volunteer WVH staff, is \$1,035,400 for FY 09.

9. The total cost of scheduling to eliminate mandatory overtime is \$1,035,400, which would be the estimated annual fiscal effect to WVH-K to implement the provisions of this bill.

10. Using a similar analysis for the Wisconsin Veterans Home at Union Grove (WVH-UG) has resulted in a net projected annual fiscal effect of \$410,400.

The total combined estimated fiscal effect for WVH-K and WVH-UG is \$1,445,800.

The use of contract nursing staff and float pools to cover overtime hours may not be practical for two reasons. First, it may not be possible to recruit and retain staff for float pools. This is due to a labor shortage of health care workers. In addition, float pool staff traditionally moving out of them as soon as other non-pool positions become vacant. The second reason is that the current short supply of health care workers makes it difficult to obtain the services of a sufficient number of contract workers.

Long-Range Fiscal Implications

The shortage of health care workers has resulted in those workers receiving higher wage increase than other state workers. If that trend continues into the future, then the fiscal effect of this bill will increase over the long-range. Another possible long-term impact of the bill is that the current shortage of health care workers will make it difficult to meet state and federal staffing requirements. Ultimately that could result in having to reduce the number of residents at WVH-K.