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FISCAL IMPACT REPORT



SPONSOR: Vaughn DATE TYPED: 02/08/02 HB HJM33/aHGUAC

SHORT TITLE: Address Nursing Shortage SB _____

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		\$0.1	See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SJM 39

Relates to HB0042; HB0074; SB0052 and SB0099

SOURCES OF INFORMATION

Responses Received

Department of Health (DOH)
Health Policy Commission (HPC)
Board of Nursing (BN)

SUMMARY

Synopsis of HGUAC Amendment

The House Government and Urban Affairs Committee amendment includes the NM Board of Nursing, nursing associations and the schools of nursing with effort.

Synopsis of Original Bill

House Joint Memorial 33 requests the Department of Health to conduct an in-depth study on specific issues related to the nursing shortage and provide findings and recommendations on the development of an integrated approach to address the nursing shortage. The findings and recommendations are to be presented to the Legislative Health Subcommittee or an appropriate interim committee by October 1, 2002.

Significant Issues

There is an acute nursing shortage in New Mexico, as well as nationwide, which affects employers and recipients of health care, including the Department of Health.

The New Mexico Board of Nursing has convened a task force to study the feasibility of regional licensing across state lines. Though regional licensure would not be a long-term solution to the shortage, it could mean that agencies could hire nurses immediately.

Nursing pay has increased across the State. Nurse sign-on bonuses range between \$1500 and \$5000. Average base salary for nurses begins at nearly \$20 per hour. Many hospitals add on night and specialty differential that bring salaries closer to \$30 an hour. Most other states are paying nurses 33% more than New Mexico. In Texas, a graduate nurse of a nursing program with no experience can receive \$25 per hour, plus a sign-on bonus.

FISCAL IMPLICATIONS

According to DOH, the issue has impacted the entire nation and it is likely that the Centers for Disease Control and Prevention (CDC) and the Health Resources and Services Administration (HRSA) has federal grant money available to pay for this type of study.

ADMINISTRATIVE IMPLICATIONS

Department of Health Staff or contracted services would be required to concentrate on the proposed, labor intensive study (approximately one person full time) until the October 1, 2002 report to LFC.

DUPLICATION/RELATIONSHIP

HJM 33 is a duplicate of SJM 39.

This HJM 33 study would include assessment and recommendations on the creation of a Center for Nursing Excellence, which is referred to in SB 0031. In addition, HB0042 HB0074, SB0052 and SB0099 are bills that are attempting to address the nursing shortage.

TECHNICAL ISSUES

HJM 33 resolutions include a request to DOH to "Collect and Evaluate" data on the nursing shortage. This request may constitute a duplication of available services, as the New Mexico Health Policy Commission and the New Mexico Board of Nursing currently collect statewide data on the nursing work force by statutory mandate. The Health Policy Commission conducts analysis and evaluation on the data to identify workforce shortage and underserved areas of the state through the Geographic Access Data System (GADS), in compliance with the Health Policy Commission statutory mandate.

The sponsor of the bill may wish to consider a collaborative effort with other state agencies that collect and analyze data on issues related to the nursing work force including the NM Board of Nursing, the Health Policy Commission, UNM and NMSU Schools of Nursing and DOL.

Moreover, the Board of Nursing notes that the memorial will duplicate the work proposed in SB31 which appropriates t\$150.0 from the tobacco settlement program fund to the Board of Nursing for expenditure in FY02 and 03 on and or for a program for nursing excellence.

The program includes strategies for recruitment and retention of professional nurses, career ladder education opportunities, improved interaction with health facilities administrations, the medical profession an institutions of higher learning.

Further, the Board of Nursing states the memorial also duplicates SB 42 which appropriates \$50.0 from the Board of Nursing Fund for expenditure in FY 02 and 03 to contract for a statewide study of the need for additional nurses and the types of education an training necessary to meet NM health care need.

OTHER SUBSTANTIVE ISSUES

The national nursing shortage is severe. The national average for nurse vacancies is about 11%. The American Association of Colleges of Nursing (AACN) considers an 8% vacancy rate a "crisis." The New Mexico vacancy rate averages between 18% and 25%. New Mexico also has a nursing workforce that is older than the national average (48 years vs. 46 years) which means that more people will be retiring sooner, and leaving the workforce (average age of nurse retirement is 60 years of age.) New Mexico's schools of nursing are adding about 580 new RNs to the workforce each year. The average number of vacancies from four studies completed last year was 785. Thus, there is an ongoing shortfall, which exacerbates public dissatisfaction with New Mexico's health care system.

It is expected that in 20 years (2020) the shortage will be 20% higher than it is today. In 15 years (2015), 50% of the nursing workforce is expected to retire. Vacant positions take an average of 59-72 days to fill. In 10 years (2010), increased complexity of care will require that 66% of the workforce have a BSN; currently 27% have a BSN (National Advisory Council on Nurse Education and Practice, 1996). There has been an annual decrease of 5% in BSN enrollment each year over the past 5 years.

DOH reports that if action is not taken soon the nursing shortage is expected to only get worse and the result will impact the health of people in New Mexico. As our population ages, the demand for nursing care will increase and under the current environment the skilled nursing workforce will not be available. This will serve to further drive up the cost of health care, create concerns related to the quality of care as nurses are overworked, and pull nurses away from primary care and prevention into those specialty areas where salaries are higher. Severe nursing shortages affect the health care industry and the state economy. Strong educational and health care systems are incentives for large businesses to move into the State.

HPC reports that data concerning the nursing supply in New Mexico is incomplete. HPC states that the National standards that define nursing shortage areas do not currently exist, creating difficulty in quantifying the nursing shortage in New Mexico. New Mexico may consider the development of nursing shortage standards and definitions of underserved areas that are suited to the health care needs of New Mexicans, and which can be used to analyze supply and demand and develop initiatives that will effectively identify and address the nursing shortage in New Mexico.

HSD acknowledges that since nurses are an integral part of the provider population in offices, schools and clinic settings, an increase in the number of nurses in New Mexico would have a positive impact on the Medicaid performance indicator of increasing the percentage of children and adolescents receiving Early Periodic Screening and Diagnosis and Treatment and well-care visits.

ALTERNATIVES

The Board of Nursing supports SB 42 which requests funds to continue a comprehensive assessment of the current and projected nursing care needs and establish systems to gather and quantify dependable data on current workforce capacities. SB 42 further provides for identifying reasons for supply and demand patterns, analyzing the capacity of the workforce to meet the need and of the education infrastructure to procuring numbers and types of nurses needed.

Another alternative would to broaden the study and look at all health professional shortages.

AMENDMENTS

HPC suggests redirecting the memorial to the Health Policy Commission and/or the Board of Nursing. As mentioned in the technical issues section, both agencies already have statutory requirements to collect and analyze nursing work force data.

BD/njw:ar