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FISCAL IMPACT REPORT

SPONSOR Grubestic DATE TYPED 2/23/05 HB _____

SHORT TITLE Study Nurse Staffing and Retention Issues SB SJM 37

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 84, SB 394, HB 301, HB 509, and HB 519

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Health Policy Commission (HPC)
 Office of Workforce Training and Development (OWTD)
 Board of Nursing

SUMMARY

Synopsis of Bill

Senate Joint Memorial 37 asks HPC study the impact of nurse staffing and retention on work-force development. The study will address standards of nurse staffing and recommend nurse to patient ratios, the effects of long hours on quality of patient care, environment of care issues as they relate to both nurses and patients, and methods of recruitment and retention of nurses in all settings.

The joint memorial asks HPC consult and confer with others having knowledge and interest in nursing including DOH, state associations, physicians, nurses, home care providers, nurse executives, nursing homes and the Center for Nursing Excellence.

The commission is to report its findings and recommendations to the legislative Health and Human Services Committee in October 2005.

PERFORMANCE IMPLICATIONS

HPC indicates the memorial asks HPC to conduct a study that has broad implications for the HPC and potentially broad implications for the nursing profession in New Mexico, as well as the delivery of direct care services. A study of this type and magnitude is not currently in the strategic plan of HPC.

FISCAL IMPLICATIONS

HPC indicates it has had five consecutive years of budget and staff reductions though the requests for work beyond what is legally mandated to be carried out by the commission have increased. To conduct a thorough study on such an important issue as nursing in New Mexico will require resources not currently in the commission's budget request.

ADMINISTRATIVE IMPLICATIONS

HPC notes workforce development issues, such as the nursing shortage in New Mexico and how it can be rectified, are important pieces of research and study. Study of staff and retention issues might be accomplished through a variety of methods including: mail surveys, research on best practices, literature searches, and focus groups of nurses. The memorial is not specific as to the expected methodology that would be utilized in formulating the study's conclusion. As such, the implication to HPC and its activities over the next year would be substantial in the absence of better definition of the expected methodology and outcome from the study. HPC also indicates there would be a considerable amount of staff time and, potentially, contract expense to do such a study. The commission believes this may be difficult to accomplish given another proposed reduction in HPC's budget for FY06.

RELATIONSHIP

Senate Joint Memorial 37 relates to Senate Bill 84, which authorizes an appropriation of \$500 thousand to the board of regents of New Mexico State University to increase the number of nursing education options in New Mexico; Senate Bill 394 which appropriates \$2 million to the Commission on Higher Education for nursing programs; House Bill 301, which appropriates \$584.4 thousand to the Board of Regents of Western New Mexico University to expand the Bachelor of Science nursing program; House Bill 509 which creates a \$100 thousand "nurse educators fund" in the Commission on Higher Education; and House Bill 519 which appropriates \$301.9 thousand to the Board of Regents of New Mexico State University to expand the Alamo-gordo branch campus associate nursing program.

TECHNICAL ISSUES

HPC notes the joint memorial asks that HPC address standards of nurse staffing and recommend nurse to patient ratios. The memorial is not specific with respect to which facilities or operations would be studied. For example, home health agencies, ambulatory surgical centers, county health offices, nursing homes, school based health centers, primary care clinics, rehabilitation hospitals, private physician offices, case management agencies, prison clinics and infirmaries all employ nurses. The memorial seems to focus primarily on hospitals, but is not specific if hospitals were the only location that the study should consider. HPC also recommends consideration of addi-

tion of OWTD as a collaborating agency for the study, along with the agencies already documented.

OWTD suggests they assist HPC as the state workforce development agency in conducting the study and evaluating the study and providing training and employment recommendations.

Similarly, while the Board of Nursing and other regulatory agencies that collaborate with nursing are not mentioned specifically in the joint memorial, the Board of Nursing requests representation during this study.

OTHER SUBSTANTIVE ISSUES

HPC notes the following nursing shortage statistics:

- New Mexico is below the national average for active registered nurses per 100,000 population.
- Nationally, there was a 26 percent decrease of registered nurse graduates between 1995 and 2000.
- Recent forecasts speculate a national shortage of 800 thousand nurses by 2020. From the Bureau of Health Professions National Center for Health Workforce Analysis study, it is reported that the national supply of registered nurses was 6 percent less than demand in 2000. The national supply is projected to grow to 7 percent less than demand in 2005, 12 percent less than demand in 2010, 20 percent less than demand in 2015 and 29 percent less than demand in 2020. New Mexico exceeded the national shortage rate in 2000 with 7 percent less supply than demand. HRSA's projections for New Mexico greatly exceed their national projections: 25 percent less than demand in 2005, 36 percent less than demand in 2010, 47 percent less than demand in 2015, and 57 percent less than demand in 2020.
- In 2001, national hospitals reported vacancy rates of 13 percent for registered nurses and 12.9 percent for licensed practical nurses.
- The state is significantly impacted by the nursing shortage with health care institutions having 494 registered nurse (RN) and licensed practical nurse (LPN) positions they cannot fill. The Health Resources and Services Administration (HRSA) predicts that New Mexico will not be able to fill 57 percent of its nursing requirements by 2020.
- In July of 2002, the Commission on Higher Education and the UNM Health Sciences Center convened stakeholders to address the nursing shortage in New Mexico. The Nursing Shortage Statewide Strategy Sessions (NS4) group produced a report in October 2002, which provides analysis of and strategy to address the state's nursing workforce issues.
- According to the NS4 report, the national lack of nurses has forced 72 percent of hospitals to restrict provided services and 38 percent of home health agencies and 15 percent of long term care facilities to refuse patients. Since 2001, as a direct result of the nursing shortage, 75 percent of New Mexico hospitals have curtailed services by reducing staffed beds, diverting emergency patients, and reducing services or hours of operation.
- The number of licensed RNs in New Mexico has fluctuated by about 1,100 over the last four years, ranging from 15,342 in 1999 to 16,435 in 2002. The state's licensed LPNs have numbered about 20 percent of the number of RNs, but have decreased by 10 percent from 3,484 in 1999 to 3,140 in 2002. For nurses retaining active licenses, the rate per 1,000 population is 8.72 for RNs and 1.67 for LPNs in 2002.
- In December 2000, the HRSA State Health Workforce Profile for New Mexico, provided a 1996 national RN rate per 1,000 population of 7.98 and a national 1998 LPN rate per 1,000

of 2.49, ranking New Mexico 44th highest of the 50 states in nursing/population rates.

- Nationally, the average age of RNs was 43.3 in 2002, and the average age will be 50 by 2010. Of the national RN workforce, only 12 percent were under the age of 30 in 2002.
- In New Mexico, the average age of licensed RNs in 2002 was 46, and the average age of LPNs in 2002 was 45. For the same year, 2002, 14 percent of licensed LPNs and 7 percent of licensed RNs were under 30 years of age.

HPC notes the following mandated ratios:

Although a requirement for hospitals to base their staffing on specific nurse-to-patient ratios was signed into law in 1999, the California Department of Health Services did not finalize the numeric ratios or the regulations needed to implement them until September 2003. These new regulations, which took effect in January 2004, were controversial and have resulted in hospitals throughout California closing beds, denying patient transfers even to the point of risking EMTALA (Emergency Medical Treatment and Active Labor Act) violations, increasing ambulance diversions and requiring longer waits in the emergency room. The major reason for hospitals' inability to meet the nurse-to-patient ratio regulations: the shortage of nurses and the state's interpretation of the ratios regulation that the ratios must be met "at all times."

Other research into nurse-staffing levels has shown that there is a relationship between nurse-staffing levels and patient outcomes and patient satisfaction, as well as with nurse satisfaction. Research has also shown there is a significant relationship between nurse-staffing ratios and preventable patient deaths.

However, research has concluded that there is no data that shows how many nurses are needed to care for patients, nor is there data which points to some maximum ratio of patients per nurse.

ALTERNATIVES

HPC suggests convening a work group of nursing leaders to identify ways to validate, collect and disseminate best practices in the areas of Recruitment, Retention, Staffing and Patient Safety Practices. This could be similar to DOH's June 2001 study on physician recruitment and retention. Identify and implement effective mechanisms to share these practices and create ways for nursing leaders to share information quickly and easily among themselves.

Additionally, HPC suggests improving state health workforce data systems. Coordinate and improve the ongoing health professional data collection systems of the state's licensing agencies and related organizations, both public and private.

KBC/sb