

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 216

SPONSOR: Health, Aging and Long-Term Care Committee and Senator Cowin

SUBJECT: Nurse Recruitment and Retention

DATE: November 29, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Munroe</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
2.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
3.	_____	_____	<u>AHS</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill appropriates \$1 million from the General Revenue Fund to the Department of Health to make grants to not-for-profit hospitals for nurse retention and out-of-state recruitment activities during FY 2002-2003. The grants must be matched on a one-for-one basis by non-government funds. The bill specifies that a hospital must have experienced an average vacancy rate among nursing positions during the preceding 12 months of 20 percent or more to be eligible for a grant. The department is authorized to adopt other criteria for grant awards by rule.

This bill creates one undesignated section of law.

II. Present Situation:

The Nursing Shortage

There is a national nursing shortage. The nursing population is aging and a significant number of nurses will be retiring in the next decade. The present average age of employed registered nurses in the United States is 45.2 years with registered nurses aged under 30 years accounting for only 10 percent of the total working nurse population. The average age of full-time nursing faculty is 52.1 years and approximately half of the current full-time nursing faculty will retire within the next 10 years. In Florida, current faculty vacancies remain difficult to fill. Low salaries, and lack of teaching experience or formal education in teaching are cited as the primary factors contributing to the difficulty in filling faculty vacancies.

Hospitals are serving more patients who are older and sicker and this in turn increases the demand for experienced, qualified registered nurses and other allied health professionals. According to the United States Census Bureau the number of nurses practicing in the United States will be 20 percent below the projected need in the year 2020.

In Florida, the demand for registered nurses will grow from 120,700 to 156,100 in the next decade. Efforts to improve patient safety and staffing levels to provide quality health care will continue to escalate the demand for qualified experienced registered nurses.

Nursing vacancies will continue to grow to more than 300,000 open positions this year. The United States Department of Labor statistics predict that 794,000 new registered nurse positions will be needed from 1998 to 2008. According to the Florida Department of Labor, the demand for nurses will increase by 29.3 percent over the next decade and this is equal to about 36,000 more nurses who will be needed over the next decade.

Nursing position vacancy rates are among the key indicators that measure the extent of a workforce shortage because the rates are based on the number of vacant or open positions as a percentage of positions. Based on the latest survey conducted by the Florida Hospital Association, registered nurse vacancy rates in Florida hospitals rose from 11.3 percent in 2000 to 15.6 percent in 2001, and at least 14 hospitals reported vacancy rates over 20 percent. The 15.6 percent registered nurse vacancy rate is the highest vacancy rate in Florida since the peak of the last nursing shortage during 1988 (15.8 percent) and 1989 (16.3 percent). The registered nurse vacancy rate varies geographically, although the Florida panhandle had the highest overall rate (17.9 percent), urban areas of the state (15.7 percent) reported higher vacancy rates than rural areas (10.4 percent) according to the Florida Hospital Association. The survey also showed that Florida hospitals are experiencing 3 to 5 percent annual growth in the number of patients treated in hospitals

Data from the Agency for Health Care Administration indicate that Florida has 129 not-for-profit hospitals, 115 for profit hospitals, and 28 other hospitals.

III. Effect of Proposed Changes:

The bill appropriates \$1 million from the General Revenue Fund to the Department of Health to make grants to local not-for-profit hospitals for nurse retention and out-of-state recruitment activities during FY 2002-2003. The grants are subject to a one-for-one match from non-government sources. Any moneys not matched by September 30, 2002, revert to the General Revenue Fund. The department must accept requests for grants beginning July 1, 2002, and determine grant amounts beginning October 1, 2002, once the appropriation amount has been matched.

The department is authorized to adopt criteria for grant awards by rule. The department must require a hospital, to be eligible for a grant, to have experienced an average vacancy rate among nursing positions during the preceding 12 months of 20 percent or more. The bill specifies that if the appropriation is less than the aggregate amount of grant requests that meet the department's criteria, the department must make grants pro rata.

The effective date of the bill is upon becoming a law.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Art. III, s. 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Local not-for-profit hospitals that are eligible for grants for nursing recruitment and retention will benefit.

C. Government Sector Impact:

The Department of Health will incur costs to administer the grant program established under the bill. The bill provides a \$1 million appropriation. The department estimates that it will need \$29,155 in non-recurring funds to implement the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.