



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0372.01: Establish nurse safe staffing standards

Primary Sponsor: Cora Neumann

Status: As Introduced

Included in the Executive Budget

Needs to be included in HB 2

Significant Local Gov Impact

Significant Long-Term Impacts

Technical Concerns

Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$17,988,832	\$18,528,497	\$19,084,352	\$19,656,883
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$17,988,832)</u>	<u>(\$18,528,497)</u>	<u>(\$19,084,352)</u>	<u>(\$19,656,883)</u>
General Fund Balance				

Description of fiscal impact

SB 372 establishes safe staffing standards for registered nurses by setting minimum nurse-to-patient ratios and creating staffing committees applicable to all hospitals licensed by the Department of Public Health and Human Services. This will result in an increase cost for the Montana State Hospital.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

1. Montana State Hospital (MSH) is the only department state-run healthcare facility licensed as a hospital. Furthermore, of the 262 beds at the facility, only 189 are licensed hospital beds. All hospital beds are assumed to be 100% occupied all year.
2. The hospital maintains a staffing ratio of 1 nurse for every 12 patients daily, including registered nurses and occasional licensed practical nurses (LPNs). The staffing ratio for the night shift is lower, with an increased number of certified nursing aides (CNAs). The proposed bill changes the staffing ratio to 1 nurse for every 6 patients for all shifts, specifically for registered nurses only.
3. The current MSH staffing model requires 38 FTE for registered nurses (RNs) to care for patients in the hospital beds. Under the 1:6 ratio prescribed by SB 372, that number increases to 134 (189 patients / 6 RNs per patient = 32 nurses. 32 nurses x 24 hours a day x 7 days a week x 52 weeks a year / 2088 hours per nurse = 134). This results in a net increase of 96 RNs.
4. The additional required positions resulting from the bill are assumed to be filled using 100% contracted travel RNs at a department cost of \$227,592 per RN per year, with a rate increase of 3% each year starting in FY 2027. Currently, the department has 34 RN positions vacant, so, it is unlikely that these positions will be able to be recruited and filled.
5. With the newly required RN staffing ratios, the department would no longer utilize LPNs in the staffing ratio. This saves approximately \$3,860,000 based on historical LPN costs to the department.

- The total cost to the MSH to staff patients in hospital beds with no more than six patients per RN is \$17,988,832 (96 increased FTE x \$227,592 cost per traveler RN – \$3,860,000 cost of current LPN) in FY 2026, \$18,528,497 (17,988,832 x 1.03) in FY 2027, \$19,084,352 (\$18,528,497 x 1.03) in FY 2028, and \$19,656,883 (\$19,084,352 x 1.03) in FY 2029.

Fiscal Analysis Table

Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$17,988,832	\$18,528,497	\$19,084,352	\$19,656,883
TOTAL Expenditures	\$17,988,832	\$18,528,497	\$19,084,352	\$19,656,883
<u>Funding of Expenditures</u>				
General Fund (01)	\$17,988,832	\$18,528,497	\$19,084,352	\$19,656,883
TOTAL Funding of Expenditures	\$17,988,832	\$18,528,497	\$19,084,352	\$19,656,883
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$17,988,832)	(\$18,528,497)	(\$19,084,352)	(\$19,656,883)

Technical Concerns

- The law does not differentiate between the types of hospitals (acute, critical access, rural emergency, etc.) identified in the MCA or CFR.
- The calculations are based on what is currently in HB 2 for the current biennium. Bills that have been or will be introduced in this current legislative session may impact the bill's final cost for the Healthcare Facilities Division.
- There is no mechanism to account for what a facility would do if it could not meet the staffing requirements, which may conflict with federal requirements. (For example, the facility cannot meet the 1:1 care for active labor patients with complications but is required to care for the patient under federal requirements.)
- The bill states that the staffing plan includes "the number of supporting personnel in each unit on each shift" but does not specify or allow supporting personnel to supplement direct patient care when ratios cannot be met.
- It is unclear if the requirements in the bill will subsequently be included in the licensure requirements for hospitals.
- There is no clear enforcement or review mechanism. The bill appears to accomplish this through an annual attestation to the department.

NO SPONSOR SIGNATURE

2/28



Sponsor's Initials

Date

Budget Director's Initials

2/28/2025

Date