

DHSR Adult Care Licensure Section

Fiscal Impact Analysis

Permanent Rule Adoptions without Substantial Economic Impact

**Agency:** North Carolina Medical Care Commission  
**Contact Persons:** Nadine Pfeiffer, MCC/DHSR Rulemaking Coordinator, 919-855-3811  
Megan Lamphere, Chief, Adult Care Licensure Section, 919-855-3784  
Doug Barrick, Policy Coordinator, Adult Care Licensure Section, 919-855-3778

**Impact:**

Federal Government Impact:	No
State Government Impact:	Yes
Local Government Impact:	No
Private Entities	Yes
Substantial Economic Impact:	No

**Titles of Rule Changes and N.C. Administrative Code citations**

Rule Repeal: 10A NCAC 13G .0401 Qualifications of Administrator

Rule Adoptions (*See proposed text of these rules in Appendix*):

10A NCAC 13F .1702 Adverse Action on Administrator Certification

10A NCAC 13F .1703 Renewal of Administrator Certification

10A NCAC 13G .1501 Administrator Approval

10A NCAC 13G .1502 Adverse Action on Administrator Approval

10A NCAC 13G .1503 Renewal of Administrator Approval

Authorizing Statutes: G.S. 131D-2.16; 131D-2.18; G.S. 131D-4.3; G.S. 143B-165; G.S. 90-288.12;  
G.S. 90-288.18

## **INTRODUCTION AND BACKGROUND**

The Division of Health Service Regulation, Adult Care Licensure Section, will be proposing the adoption of rules under 10A NCAC 13F and 10A NCAC 13G related to the certification of adult care home administrators and the approval of family care home administrators.

Currently there are minimal or no regulations governing the administrator certification and administrator approval processes carried out by the Adult Care Licensure Section. The Division is seeking to define its processes to ensure consistency throughout the state and across administrator-in-training programs, clarify the requirements for applicants, and improve the readiness of administrators to serve in such capacity and protect the safety and welfare of residents. The language and requirements set forth in the proposed rules are consistent with current rules and regulations governing similar types of healthcare professionals who are licensed, certified or credentialed in North Carolina. The proposed rules codify the Adult Care Licensure Section's processes for certifying and approving administrators, and specifies the criteria by which the Department may suspend or revoke a certification or approval in accordance with G.S. 90-Article 20A and 131D-4.5.

Certification of administrators of adult care home of seven or more beds is required by G.S. 90, Article 20A: Assisted Living Administrator Act and 10A NCAC 13F .1701. G.S. 90-288.18 gives authority to the Department to take adverse action on an administrator's certificate and promulgate rules to specify conditions for such action. Proposed Rule 10A NCAC 13F .0702 calls for action against certification to be taken based on certain circumstances. Proposed Rule 10A NCAC 13F .1703 establishes the continuing education hours necessary for renewal of certification and a fee for the renewal. While these requirements have been established in certification policy, they have not been established in rule which will allow the agency to take unequivocal action in regards to certification of administrators. The rules will allow more direction to the agency and legal counsel in consideration of action against certification, whether initial or renewal. These rules will not necessarily increase the number of actions against certification nor the impact on administrators and facilities based on the Department's past years of experience in certification, but will provide additional guidance for decision-making. There will be an increase in the time for DHSR staff to review applications, particularly criminal background information, and any input or complaints about the administrator behavior or condition which might impact resident care and safety. The benefit will be greater efficiency, clarity and consistency in implementing the law on certification through regulatory actions regarding the process and better assuring a safe environment for residents. Rule summary and fiscal impact is in Part II of the following section of this report.

The approval of administrators of family care homes of two to six beds has remained consistent since 1977 with persons being approved for a specific family care home, based on 10A NCAC 13G .0401 which is proposed for repeal, and not licensure or certification for this position. The process has changed little over the years. Three rules are being proposed for adoption to address approval, actions against approval and renewal of approval in a way to upgrade and better regulate the position of administrator in terms of qualifications per 10A NCAC 13G.1501, adverse action on approval per 10A NCAC 13G .1502, and renewal of approval per 10A NCAC 13G .1503. They are expected to positively impact the management and operation of family care homes through a more rigorous training program, more thorough consideration of applicants' backgrounds and actions and conditions while serving as administrator, and closer examination of continuing education for renewal. Family care homes will be impacted by perhaps a smaller pool of administrators for the homes because of the training requirements, including cost, and a more extensive background check. Administrator applicants will be faced with greater cost because of training and state criminal background checks, and closer scrutiny

involving background checks. The renewal process will require submission of continuing education documents to the state on a biennial basis. DHSR staff will be involved in a more time-consuming review of background checks, investigation of negative behavior or conditions that relate to job activities and a new process of renewal involving receipt and review of continuing education documentation, issuance of renewals and possible actions against renewal. Rule summary and fiscal impact is in Part I of the following section of this report.

## **RULES SUMMARY AND ANTICIPATED FISCAL IMPACT**

### **I. FAMILY CARE HOMES (2-6 BEDS)**

**10A NCAC 13G .0401 Administrator Qualifications** is proposed for repeal because qualifications are now proposed in 10A NCAC 13G .1501 Administrator Approval under a new Section .1500 to contain proposed rules for approval, adverse action on approval and renewal of approval.

**10A NCAC 13G .1501 Administrator Approval** is proposed for adoption with the following intent and estimated cost.

- (1) Training requirements for family care homes administrators that have been in place for 25 years while rules for the operation of these homes have been revised to take into account increasing care needs of residents, including health care needs; therefore, the training needs to be upgraded. Applicants will have to successfully complete a state-approved administrator-in-training program that includes coursework and on-the-job training at a cost the program provider establishes whereas there is no cost associated with the current rule, if any, based on a family care home administrator's arrangement with the trainee who receives on-the-job training by the administrator in the home. The proposed rule formalizes that training and assures some consistency in the process by requiring the structure, including coursework and work experience guidance now required for certification of administrators of facilities of more than 6 beds. The resident care and service rules for both types of assisted living facilities are the same because they both serve aged and/or disabled residents who have needs in the areas of supervision, personal care services and medication administration so the training in the provision of care should be consistent across settings. In addition, the proposed rule does not allow for exemption of training based on past education, training and experience related to the management and operation of adult residential care facilities as has been so allowed.

#### **Fiscal Impact:**

Administrator-in-Training Cost to Applicant:

The average cost of the training based on charges of currently approved administrator-in-training programs is around \$500.00. Each approved individual/agency offering the program establishes its own price for the training. Approximately 105 family administrator applicants each year can be expected over the next 3 years based on an average number of applicants each year over the past three years. An estimated 10% of those applications were not completed or approved. At least 25 of the approved applicants received approval for more than one home since FCH administrators can serve that role in more than one home. The average number of initial FCH licenses

issued over the past three years was 43 and the average number of changes of ownership (CHOW), all of which require a new license, over same period was 24 for an average total of 67 licenses issued for which an administrator application is also required. There is no indication from the past few years that there will be a significant increase or decrease in applications for licenses and administrator approvals, therefore the analysis will be based on 70 FCH administrator applications. With approximately 70 administrator applicants per year needing the Administrator-in-Training program at an average cost of \$500.00 the annual cost is estimated as follows:

*Calculation: \$500 training cost x 70 applicants/yr. = \$35,000/yr.*

This is a cost born by administrator applicants unless a corporation bears the cost to train someone to be an administrator of one of its facilities, which is rarely the case. The on-the-job training required by current rule has no established cost to the applicant.

There may be increases in AIT program costs over the next two to three years but not estimable as each program can set and change its charges at any time.

- (2) The proposed rule also requires a state criminal background fingerprint check like applicant administrators for adult care homes of seven beds are more have been required to have for certification. This requirement will better assure safety of residents and employees in family care homes.

Taking both the training and background report requirements into consideration, family care homes should be better able to fulfill their responsibility of assuring the health and safety of their residents.

Fiscal Impact:

There will be a cost savings to applicants for the state fingerprint check which currently costs \$14.00 as opposed to county clerk of court searches costing \$25.00 There will be an increase in time required for Department staff to process the cards and review results to determine if report is satisfactory based on the factors specified in the rule. The average number of family care home administrator applicants over the past years taking into account administrator approvals for more than one home is 80.

**Criminal Background Check Cost to Applicant:**

**Cost Associated with Current Rule:**

Criminal background check from county clerk of court - \$25.00

*Calculation: \$25/clerk of court check x 80 applicants = \$2000/yr.*

**Cost of Proposed Rule:**

State criminal background fingerprint check - \$14.00

*Calculation: \$14/fingerprint check x 80 applicants/yr. = \$1120/yr.*

**Cost savings of proposed rule:**

**\$880/yr.**

The cost for the background checks has not changed for several years and future increases are not predictable.

- (3) The proposed rule has administrative costs that are in addition to current rule because there will be more time involved in reviewing and approving applications due to state criminal background reports to mail, process and review

Fiscal Impact

Two staff person within the Adult Care Licensure Section, a policy coordinator and administrative assistant, will need to spend additional time for the mailing and review/approval of applications.

Department Administrative Cost (annual based on hourly wage from annual salary):

Cost of Current Rule:

Policy Coordinator - .5 hours for review/approval per application at \$41.00/hr.

Calculation:  $.5 \text{ hrs./application} \times 70 \text{ applications/yr.} = 35 \text{ hrs./yr.}$   
 $35 \text{ hrs./yr.} \times \$41/\text{hr} = \$1435/\text{yr.}$

Administrative Assistant - .25 hours for processing/mailling approvals at \$23.00/hr.

Calculation:  $.25 \text{ hrs/application} \times 70 \text{ applications/yr.} = 17.5 \text{ hrs./yr.}$   
 $17.5 \text{ hrs./yr.} \times \$23/\text{hr} = \$402.50/\text{yr}$

Total Administrative Cost

Calculation:  $\$1435 + \$403 = \$1838/\text{yr.}$

Cost of Proposed Rule:

Policy Coordinator – 1 hour for handling fingerprint card and reviewing/approving application at \$41/hr.

Calculation:  $1 \text{ hr./application} \times 70 \text{ applications/yr.} = 70 \text{ hrs./yr.}$   
 $70 \text{ hrs./yr.} \times \$41/\text{hr.} = \$2870/\text{yr.}$

Administrative Assistant - .30 hours for mailing fingerprint cards, processing/mailling approvals

Calculation:  $.30 \text{ hrs./application} \times 70 \text{ applications/yr.} = 21 \text{ hrs./yr.}$   
 $21 \text{ hrs./yr.} \times \$23/\text{hr.} = \$483/\text{yr.}$

**Total Administrative Cost**

Calculation:  $\$2870 + \$483 = \$3353/\text{yr.}$

**Additional Cost of Proposed Rule:  $\$3353 - \$1838 = \$1515/\text{yr.}$**

Salary and wage increases overall for the past several years have been miniscule and future increases are not estimable.

- (4) There are mailing costs for the Department in sending out applications with fingerprint cards to applicants and approval certificates to approved family care home administrators. This is not an additional cost to current practice based on current rule.

Fiscal Impact

Postage for mailing one application and fingerprint card - \$1.42  
Estimated number of persons requesting application/card (per ave. in Section 1 above) -  
105

*Calculation: \$1.42 postage x 105 applications/yr. = \$149.10/yr.*

This is an additional cost from current rule because currently application forms can be downloaded without having to be mailed. However, the proposed rule requires there to be a fingerprint card included with the application which has to be postal mailed so all application forms with fingerprint cards would need to be mailed.

Postage for mailing one approval certificate - \$.98  
Estimated number of approvals (per ave. in Section 2 above) - 80  
*Calculation: \$.98 postage x 80 approvals/yr. = \$78.40/yr.*

**This is not an additional cost since approvals are currently mailed.**

**Total cost of mailing per proposed rule - \$149.10 + \$78.40 = \$227.50/yr.**

- (5) The proposed rule, as current rule, requires the applicant to take a written exam administered by the Department at a cost to the applicant of \$50.00. This assures that prospective administrators are familiar with licensure rules with which facilities must comply. The applicant incurs the cost for the exam. Mileage cost of travel to exam site not included because of extreme variability.

Fiscal Impact

Exam Cost to Applicant:

The administrator exam is administered by the Department at multiple sites across the state every month. The cost of the exam is \$50.00

*Calculation: \$50.00 x 80 applicants/year = \$4,000/yr.*

**This is not an additional cost based on current requirement for the exam.**

Exam Administration Cost to the Department:

Two Department staff have jobs devoted to the administration of the medication administration testing and administrator testing programs which includes registration, testing, scoring and notification. The majority of their time is spent in the medication testing area with an estimated percentage of 15% of their time involved in the area of administrator testing. Mileage cost to testing sites not included in cost.

*Calculation:*

*1 staff - \$26/hr. x 312 hrs./yr = \$8112/yr.*

*1 staff - \$24/hr. x 312 hrs./yr. = \$7488/yr.*

**\$15,600/yr.**

**Summary of Annual Anticipated Fiscal Impact of Rule:**

Cost to applicant administrators – \$35,000 (training cost)  
1,120 (background check - \$880 cost savings)  
4,000 ((exam cost – not additional cost)  
**Total \$40,120**

Cost to Department - \$3353 (staff time for review/processing)  
15,600 (staff time for exam administration)  
228 (postage)  
**Total \$19,181**

**Total Annual Cost of Rule - \$40,120 + \$19,181 = \$59,301**

**10A NCAC 13G .1502 Adverse Action on Administrator Approval** is proposed for adoption with the following intent and cost:

Currently, family care home administrator applicants provide a background check from county clerk of court in regards to criminal offenses without specification of what would prohibit approval of an applicant administrator based on the check. The proposed rule would require Department consideration of various factors and circumstances regarding convictions of felonies and misdemeanors prior to approving applicants. It would also allow for taking action on a current family care home administrator's approval based on consideration of these same factors and circumstances.

The proposed rule provides administrators and the Department with specific factors to be considered in determining initial approval and continuing approval of family care home administrators so that adverse action can be clearly authoritative, explanatory and justified. This will provide greater awareness for administrators and facilities of the Department's process of approval and continuing approval of administrators and increased accountability for administrator actions to better ensure protection of residents. The costs involve Department staff time.

- (1) Department staff would be involved in considering, determining and taking action on background reports showing felonies and misdemeanors and on reports, discovery or knowledge, through incoming information resulting from investigations, surveys or facility monitoring, of the negative factors in the rule that would impact the administrator's certification.

**Fiscal Impact:**

Approving and taking action on approvals will require Department staff time for reviewing, consulting and decision-making purposes. Additional consideration would have to be given for suspension of an administrator's approval based on alleged criminal conduct that could impact safety of residents. Prediction of number of cases that will require review and action

is not possible but an estimate is twelve cases per year based on an estimated ten to fourteen cases that called for review each of the past three years and 10 cases of either suspension or revocation of facility licenses (see Part 4 of Rule) based on the number of such cases in 2015.

Department Administrative Costs (annual based on hourly wage from annual salary):

Policy Coordinator – 2 hours/case for inquiry, review and consultation with Section management and communication with Attorney General's Office (AGO) at \$41/hr.

Calculation:  $\$82/\text{case} \times 12 \text{ cases/year} = \$984/\text{yr}.$   
 $\$82/\text{case} \times 10 \text{ cases/year} = \underline{\$820/\text{yr}.$   
Total  $\$1804/\text{yr}.$

Supervisor - .5 hrs/case for review and consultation with Policy Coordinator and management at \$48.00/hr.

Calculation:  $\$24/\text{case} \times 12 \text{ cases/yr.} = \$288/\text{yr}.$   
 $\$24/\text{case} \times 10 \text{ cases/yr} = \underline{\$240/\text{yr}.$   
Total  $\$528/\text{yr}.$

Section Chief - .5 hrs. for review and consultation with Policy Coordinator and Supervisor and AGO Counsel at \$51/hr.

Calculation:  $\$26/\text{cases} \times 12 \text{ cases/yr.} = \$312/\text{yr}.$   
 $\$26/\text{cases} \times 10 \text{ cases/yr.} = \underline{\$260/\text{yr}.$   
Total  $\$572/\text{yr}.$

Legal Counsel with AGO - .5 hrs. for review and consultation with Section management and AGO Counsel at \$43/hr (ave. of 2 attorneys' wages)

Calculation:  $\$22/\text{case} \times 12 \text{ cases/yr.} = \$264/\text{yr}.$   
 $\$22/\text{case} \times 10 \text{ cases/yr.} = \underline{\$220/\text{yr}.$   
Total  $\$484$

**Total Administrative Cost:**

Calculation:  $\$1804 + \$528 + \$572 + \$484 = \underline{\$3388/\text{yr}.$

(2) Mailing cost for the Department if all cases resulted in action against approval would be a single letter of notification mailed to 22 administrator at a cost of \$.49/letter.

Fiscal Impact

Calculation:  $22 \text{ cases} \times \$.49 \text{ postage} = \underline{\$11.00}$

**Summary of Annual Anticipated Fiscal Impact of Rule:**

Cost to Department - \$3388 (staff time for reviewing/processing)  
11.00 (postage)  
Total **\$3399.00**

**Total annual cost of Rule - \$3399.00**



**10A NCAC 13G .1503 Renewal of Administrator Approval** is proposed for adoption with the following intent

This proposed rule establishes a process of renewal of administrator approval in line with renewal of administrator certification of adult care homes of seven beds or more. Currently family care home administrators have to acquire 15 hours of continuing education annually and accounting for this has been the responsibility of the county departments of social services who perform at least quarterly monitoring family care homes for compliance with rules. In order to better assure accountability of the acquisition of continuing education credits by administrators, the proposed rule requires an official renewal process directed by the Department to assure compliance with continuing education. Cost estimates are calculated based on the following.

- (1) Family care home administrators would have to complete a one-page renewal application and mail it with documentation of 30 hours of continuing education to the Department every two years.

Fiscal Impact

Cost to Administrators:

Current postage cost is \$2.08 for mailing envelope 30 pages of documentation of 30 hours of continuing education. Copies of continuing education certificates at 10 cents per copy would cost \$3.00 every 2 years. The resulting cost for each of 550 administrators providing the CE documentation to the Department would be \$5.08 biennially with a total cost of \$2794 or \$1397 annually for all administrators since renewals will be conducted on approximately half the administrators each year, i.e., all approvals will not fall in the same year. The number of administrators needing renewal is based on total number of licensed family care homes and allowing for some administrators being administrators of more than one home and those that may not renew.

*Calculation:*

$\$5.08/\text{administrator}(\text{copies and postage}) \times 550 \text{ administrators} = \$2794/2 \text{ yrs.}$

$\$2794/2 = \mathbf{\$1397/yr.}$

This is an additional cost for administrators since currently there is no requirement to submit renewal application and CE documents to the Department

- (2) The offering of CE courses appropriate for administrators varies widely as does the cost from free to online costs to classroom training costs.

Fiscal Impact

Cost to Administrators:

For the purposes of this calculation, an hourly fee of \$20.00 is used based on multiple on-line course offerings and CE course offerings through provider associations and considering the Department offers at least two courses free per year for 3 hours credit each. The Department considers each instructional hour to be 1 CE credit.

*Calculation:* 30 CE hrs./2yrs. X \$20/credit = \$600/2yrs.  
 \$600/2yrs. X 550 administrators = \$330,000/2 yrs.  
 \$330,00/2rs. = **\$150,000/yr.**

**This is not an additional cost since current rule requires 15hrs./year of CE credits.**

- (3) Department staff would now be preparing, mailing and reviewing approximately 250 CE renewal applications annually. The proposed rule requires biennial renewal for each family care home administrator and there will be a system to renew approximately half of the administrators each year.

Fiscal Impact

Administrative Cost to Department:

Two staff persons would be involved in mailing renewal applications, reviewing and processing renewal applications and mailing notifications of renewal to approximately 225 administrators per years at an estimated time of 12 hours for each staff person.

*Calculation:*  
 Policy Coordinator: \$41/hr. x 12 hrs./yr. = \$492/yr.  
 Administrative Assistant: \$23/hr. x 12 hrs./yr. = \$276/yr.  
 Total **\$768/yr.**

- (4) Mailing cost for the Department would be for mailing of approximately 225 renewal applications annually and 200 renewal notifications, considering an estimated 80% renewal rate.

Fiscal Impact

*Calculation:* 225 renewal applications/yr. x \$.49 postage = \$110.25/yr.  
 200 renewal notices/yr. x \$.49 postage = \$98/yr.  
 Total **\$208.25/yr.**

**Summary of Annual Anticipated Fiscal Impact of Rule:**

Cost to Administrators - \$150,000 (CE cost – not additional cost)  
1397 (postage)  
 Total **\$151,397**

Cost to Department - \$768.00 (staff time for review/processing)  
                                     208.00 (postage)  
 Total                           **\$976.00**

**Total Annual Cost of Rule - \$151,397 + \$976 = \$152,373**

**\*Estimated Annual Fiscal Impact of Rules 13G .1501, .1502 and .1503: \$215,073**  
 (\$154,000 of which is no additional cost from current requirements and \$880 is cost benefit)

\*Given the lack of available information to calculate cost increases, reoccurring costs for the next two fiscal years are considered to stay constant.

**II. ADULT CARE HOMES OF SEVEN OR MORE BEDS**

**10A NCAC 13F .1702 Adverse Action on Administrator Certification** is proposed for adoption with the following intent:

The proposed rule would require Department consideration of various factors and circumstances regarding convictions of felonies and misdemeanors prior to approving applicants. It would also allow for the Department to take action on an administrator's certification based on consideration of these same factors and circumstances. The adoption of this rule will provide considerably more guidance and authority for the Department to take action on the certification of administrators and disclose to applicants and certified administrators the specific factors, conditions and circumstances used that could negatively impact certification. It should be noted here that review of background checks and reports of administrator problems as specified in rule is current practice.

- (1) Certification of administrators and taking action on certification currently requires Department staff time for reviewing, consulting and decision-making purposes. Additional consideration would have to be given for suspension of an administrator's approval based on alleged criminal conduct that could impact safety of residents.

Department staff would be involved in considering, determining and taking action on background reports showing felonies and misdemeanors and on reports, discovery or knowledge, through incoming information resulting from investigations, surveys or facility monitoring, of the negative factors in the rule that would impact the administrator's certification.

*Fiscal Impact:*

Approving and taking action on approvals will require Department staff time for reviewing, consulting and decision-making purposes. Additional consideration would have to be given for suspension of an administrator's approval based on alleged criminal conduct that could impact safety of residents. Prediction of number of cases that will require review and action is not possible but an estimate is twenty-five cases per year based on an estimated twenty to thirty cases that called for review each of the past three years and 11 cases of either

suspension or revocation of facility licenses (see Part 4 of Rule) based on the number of such cases in 2015.

Department Administrative Costs (annual based on hourly wage from annual salary):

Star Rating Administrator – 2 hours/case for inquiry, review and consultation with Section management and communication with Attorney General’s Office (AGO) at \$41/hr.

Calculation:  $\$68/\text{case} \times 36 \text{ cases/year} = \$2448/\text{yr.}$   
 $\$68/\text{case} \times 11 \text{ cases/year} = \underline{\$748/\text{yr.}}$   
Total                     $\$3196/\text{yr.}$

Supervisor - .5 hrs/case for review and consultation with Policy Coordinator and management at \$48.00/hr.

Calculation:  $\$24/\text{case} \times 36 \text{ cases/yr.} = \$864/\text{yr.}$   
 $\$24/\text{case} \times 11 \text{ cases/yr} = \underline{\$264/\text{yr.}}$   
Total                     $\$1128/\text{yr.}$

Section Chief - .5 hrs. for review and consultation with Policy Coordinator and Supervisor and AGO Counsel at \$51/hr.

Calculation:  $\$26/\text{cases} \times 36 \text{ cases/yr.} = \$936/\text{yr.}$   
 $\$26/\text{cases} \times 11 \text{ cases/yr.} = \underline{\$286/\text{yr.}}$   
Total                     $\$1222/\text{yr.}$

Legal Counsel with AGO - .5 hrs. for review and consultation with Section management and AGO Counsel at \$43/hr (ave. of 2 attorneys’ wages)

Calculation:  $\$22/\text{case} \times 36 \text{ cases/yr.} = \$792/\text{yr.}$   
 $\$22/\text{case} \times 11 \text{ cases/yr.} = \underline{\$242/\text{yr.}}$   
Total                     $\$1034/\text{yr.}$

**Total Administrative Cost:**

Calculation:  $\$3196 + \$1128 + \$1222 + \$1034 = \underline{\$6580/\text{yr.}}$

(3) Mailing cost for the Department if all cases resulted in action against approval would be a single letter of notification mailed to 22 administrator at a cost of \$.49/letter.

Fiscal Impact

Calculation:  $47 \text{ cases} \times \$.49 \text{ postage} = \underline{\$23.00}$

**\*Summary of Annual Anticipated Fiscal Impact of Rule:**

Cost to Department - \$6580.00 (staff time for reviewing/processing)  
  23.00 (postage)  
Total    **\$6603.00**

**Total annual cost of Rule - \$6603.00**

\*Certified administrators and applicants can appeal adverse action on certification by law but there has been no such action on which to base cost. Appeals would involve opportunity for informal settlement followed by administrative court proceedings if necessary involving legal counsel.

**10A NCAC 13F .1703 Renewal of Administrator Certification** is proposed for adoption with the following intent:

The proposed rule establishes the continuing education requirements for renewal of administrator certification as authorized by G.S. 90-288.15 and G.S. 90-288.15A. The requirements mirror the current policy on certification renewal implemented by the Department when the law became effective and followed since that time, thereby further legitimating the process as rule-based. Biennial renewal of certification is current practice.

Fiscal Impact:

Being that the process proposed in this rule for certification renewal has been in place as required by law since 2000, there is no anticipated fiscal impact beyond past and current impact which is estimated as follows:

- (1) Administrators have to complete a one-page renewal application and mail it with documentation of 30 hours of continuing education to the Department every two years.

Fiscal Impact

Cost to Administrators:

Current postage cost is \$2.08 for mailing envelope 30 pages of documentation of 30 hours of continuing education. Copies of continuing education certificates at 10 cents per copy would cost \$3.00 every 2 years. All approvals will not fall in the same year but for purposes of estimating annual cost, analysis will be based on 650 administrators being renewed out of approximately 1300 certified administrators.

Calculation:

$\$5.08/\text{administrator}(\text{copies and postage}) \times 1300 \text{ administrators} = \$6604/2 \text{ yrs.}$   
 $\$6604/2 = \mathbf{\$3302/yr.}$

This is not an additional cost for administrators since currently there is a requirement to submit renewal application and CE documents totaling 30 CE credit hours to the Department.

- (2) The offering of CE courses appropriate for administrators varies widely as does the cost from free to online costs to classroom training costs.

Fiscal Impact

Cost to Administrators:

For the purposes of this calculation, an hourly course fee of \$20.00 is used based on multiple on-line course offerings and CE course offerings through provider associations and considering the Department offers at least two courses per year free for 3 hours credit each. The Department considers each instructional hour to be 1 CE credit.

*Calculation:* 30 CE hrs./2yrs. X \$20/credit = \$600/2yrs.  
 \$600/2yrs. X 1300 administrators = \$780,000/2 yrs.  
 \$780,000/2rs. = **\$390,000/yr.**

**This is not an additional cost since current requirement is 30hrs./2yrs. of CE credits.**

- (3) Department staff would be preparing, mailing and reviewing approximately 600 CE renewal applications annually which is currently the case.

Fiscal Impact

Administrative Cost to Department:

Two staff persons would be involved in mailing renewal applications, reviewing and processing renewal applications and mailing notifications of renewal to approximately 600 administrators per years at an estimated time of 30 hours for each staff person.

*Calculation:*  
 Star Rating Administrator: \$34/hr. x. 30 hrs./yr. = \$1020/yr.  
 Administrative Assistant: \$23/hr. x 30h rs./yr. = \$690/yr.  
 Total **\$1710/yr.**

- (4) Mailing cost for the Department would be for mailing of approximately 650 renewal applications annually and 600 renewal notifications, considering an estimated 80% renewal rate.

Fiscal Impact

*Calculation:* 650 renewal applications/yr. x \$.49 postage = \$318/yr.  
 520 renewal notices/yr. x \$.49 postage = \$255/yr.  
 Total **\$573/yr.**

**Summary of Annual Anticipated Fiscal Impact of Rule:**

Cost to Administrators - \$390,000 (CE cost – not additional cost)  
   3302 (postage)  
 Total **\$393,302**

Cost to Department - \$1710.00 (staff time for review/processing)  
   573.00 (postage)  
 Total **\$2283.00**

**Total Annual Cost of Rule - \$393,302 + \$2283 = \$396,185**

**\*Estimated Annual Fiscal Impact of Rules 13F .1702, and .1703: \$402,788**

(A majority of this cost is now being incurred by current requirements and practice)

\*Given the lack of available information to calculate cost increases, reoccurring costs for the next two fiscal years are considered to stay constant.

**SUMMARY OF COMBINED ESTIMATED ANNUAL COST OF PROPOSED RULES**

**13G .1501, 13F .1502, 13F .1503 AND 13F .1702, 13F .1703:**

**13G Rules: \$215,073**

**13F Rules: \$402,788**

**Total        \$617,861**

**CONCLUSION**

Administrators of licensed assisted living facilities in North Carolina are responsible for the total operation of the facility, including administration and management to assure care and services for the health and safety of residents. The proposed rules addressing administrator qualifications, disqualifications and renewals will help assure compliance with current certification/approval and renewal practices per law and policy to improve the operation of these facilities and promote a safe environment for all residents under their care.