The California Experience Following Implementation of Minimum Ratios in 1999

Joanne Spetz, Ph.D.
University of California, San Francisco
Center for California Health Workforce Studies & School of Nursing
This presentation will...

- Describe the process that resulted after the ratio legislation passed
- Examine the experience of the first year of implementation
- Suggest directions for future research, regulation, and legislation
AB 394 was signed in October 1999

- Department of Health Services (CDHS) required to establish minimum licensed-nurse-to-patient ratios for each type of hospital unit
  - RNs and LVNs included

- Unlicensed personnel are prohibited from performing certain tasks
Stakeholders submitted suggestions to CDHS

- California Healthcare Association (hospital group) suggested 1 nurse to 10 patients in medical-surgical

- Service Employees International Union suggested 1 nurse to 4 patients in medical-surgical

- California Nurses Association suggested 1 RN to 3 patients in medical-surgical
After much work by CDHS...

- Proposed ratios were announced in January 2002
  - Medical-surgical ratio begins at 1:6
  - Medical-surgical ratio transitions to 1:5 after one year

- Governor Davis announced a $60 million initiative to expand the supply of nurses on the same day
# Predicted per-hospital cost of minimum ratio proposals

<table>
<thead>
<tr>
<th>Source of data</th>
<th>Cost of initial ratios</th>
<th>Cost per discharge</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSHPD data</td>
<td>$57,540,000</td>
<td>$19.18</td>
</tr>
<tr>
<td>DHS survey data</td>
<td>$266,729,000</td>
<td>$88.90</td>
</tr>
</tbody>
</table>

There were approximately 3 million general acute-care discharges in 2001. The estimates from OSHPD data are a “lower bound”.

Source: Spetz’s calculations from OSHPD data and from Kravitz, Sauve, et al.
Hospital responses to ratio legislation

- Most hospitals followed California Hospital Association opposition
- Kaiser Foundation Hospitals established agreement with SEIU that embraced SEIU proposed ratios
- Some hospitals already were staffing better than the final minimum ratios
Describe the process that resulted after the ratio legislation passed

Examine the experience of the first year of implementation

Suggest directions for future research, regulation, and legislation
The legal battle

- CHA filed lawsuit on December 30, 2003
  - Claim: requiring ratios “at all times” was unreasonable due to staff breaks
  - CDHS argued that difficulty meeting this regulation was not reason to eliminate it
  - CHA lost this suit
The legal battle

- Governor S. issued emergency order to delay 1:5 medical-surgical ratio on November 4, 2004
  - California Nurses Association sued against the emergency order
  - CDHS argued that difficulty meeting this regulation was reason to eliminate it
  - CDHS lost this suit
Hospitals may request waivers

- In first quarter:
  - 60 waiver requests
    - 23 approved
    - 29 denied
    - 8 unnecessary
  - Nearly all rural hospitals that requested waivers received them
Enforcement mechanisms are weak

- CDHS cannot fine hospitals
  - Violations require submission of plan for remedy

- Medicare and Medicaid require compliance with state laws and regulations
  - These programs can audit records
  - Payments can be revoked retroactively

- California’s malpractice cap ($250,000) does not apply in cases of negligence
  - Willfully violating regulations constitutes negligence
Are hospitals meeting the regulations?

- First quarter of ratios...
  - 49 complaints
    - 2 citations, requiring action plan for remedy
  - 68 self-reported violations

- Los Angeles Times reported that 15 of 28 hospitals inspected January-October 2004 did not meet ratios
Reduced access to care due to ratios?

- No reports of permanent bed closures thus far in California

- Statewide, one county may have had a permanent increase in emergency room diversions
  - An emergency room closed recently in that county
What about hospital closures?

- In January 2004, Santa Teresita Hospital announced closure
  - They claimed the ratios caused the closure

- Former employees said the hospital was meeting the ratios without difficulty

- Net income in 2002: -$4,758,911
  - Equity in 2002: -$9,137,154
Substitution of staff

- Stanford issued layoff notices to 113 nursing aides in advance of the ratios
- Reduction of EMT staff in emergency rooms
More power to the nurses

- Some CNOs are glad to have upper management forced to provide more funding for nurse staffing

- Nurses can close a unit to admissions if additional staff are not available
• **What about the patients?**
This presentation will...

- Describe the process that resulted after the ratio legislation passed
- Examine the experience of the first year of implementation
- Suggest directions for future research, regulation, and legislation
Has staffing increased?

- Many hospitals were staffing at the minimum level before January 1, 2004
  - Are hospitals still using their patient classification systems?
  - Are support staff positions being eliminated?
  - Are staff simply moving shift-to-shift?
- Is staffing rising at the cost of access to care?
Are nurses changing jobs in ways that affect the quality distribution?

- School class-size reduction is analogous
  - Implemented in 1996-1997

- Demand for teachers rose

- Teachers moved from poor, difficult schools to wealthy schools

- Students in advantaged schools did better

- Students in disadvantaged schools did worse
Will there be improvements in quality of care?

- None of the studies of staffing and quality identify the “right” ratio
  - CDHS may have targeted too high or low

- Organizational culture is known to affect quality of care
  - Are ratios changing culture for the better?

- Research on the effects won’t be available for two or more years
What can we recommend to other states?

- It’s too early to weigh benefits and costs of ratios because benefits cannot be measured yet.

- Ratios provide a blunt instrument to change staffing:
  - Other approaches might have advantages
  - Compliance with flexible regulations is a problem

- The supply of nurses must be increased:
  - Even without ratios, there is a long-term shortage
Visit us on the web!

http://futurehealth.ucsf.edu
http://www.saidin.com/joanne