

## Department of Planning and Budget 2022 Fiscal Impact Statement

**1. Bill Number:** SB352

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Surovell

**3. Committee:** Passed the Senate

**4. Title:** Paid sick leave; health care providers and grocery store workers.

**5. Summary:** Requires employers to provide paid sick leave to health care providers, grocery store workers, and home health workers who provide agency-directed services. Under current law, employers are only required to provide paid sick leave to home health workers who provide consumer-directed services. The bill removes requirements that workers work on average at least 20 hours per week or 90 hours per month to be eligible for paid sick leave. Additionally the bill provides that certain health care providers may waive their right to accrue and use paid sick leave and provides an exemption for certain other health care providers. This bill contains a delayed effective date of January 1, 2023, and an enactment clause requiring funding in the appropriation act in order for the bill to become effective.

**6. Budget Amendment Necessary:** Yes; Items 120 and 304, as Introduced.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**7a. Expenditure Impact, Department of Medical Assistance Services:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$406,516	GF	\$464,382	NGF
2024	\$832,854	GF	\$907,527	NGF
2025	\$853,675	GF	\$930,215	NGF
2026	\$875,017	GF	\$953,470	NGF
2027	\$896,892	GF	\$977,307	NGF
2028	\$919,315	GF	\$1,001,740	NGF
2029	\$942,298	GF	\$1,026,783	NGF

**7b. Expenditure Impact, Department of Corrections:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$122,765	GF
2024	\$245,530	GF
2025	\$245,530	GF
2026	\$245,530	GF
2027	\$245,530	GF
2028	\$245,530	GF
2029	\$245,530	GF

**7c. Expenditure Impact, Department of Labor and Industry:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$49,490	1	GF
2024	\$98,980	1	GF
2025	\$98,980	1	GF
2026	\$98,980	1	GF
2027	\$98,980	1	GF
2028	\$98,980	1	GF
2029	\$98,980	1	GF

- 8. Fiscal Implications:** This fiscal impact statement is preliminary and will be updated as additional information becomes available. The bill contains a delayed enactment date and would become effective on January 1, 2023, and an enactment clause requiring funding in the appropriation act in order for the bill to become effective.

***Department of Medical Assistance Services***

According to the Department of Medical Assistance Services (DMAS), this bill would impact Medicaid expenditures directly through consumer directed attendant care and indirectly through other service areas. In the consumer directed model of care, the Medicaid members select their personal care, respite or companion care attendants and the Medicaid program pays for the wages of the attendant plus appropriate employer taxes and benefits. Currently, home health care workers who are consumer directed attendants and who work more than twenty hours a week receive one hour of sick leave for every thirty hours worked with a maximum of forty hours per year. This bill removes the requirement that home health care workers work on average twenty hours or more a week to qualify for accruing sick leave hours.

DMAS estimates that 7.2 percent of the current hours worked do not qualify for accruing sick leave because the attendant works less than twenty hours per week. DMAS assumes billable rates would need to be raised by 0.24 percent, as calculated by one hour for every thirty, times 7.2 percent. Attendants who work less than twenty hours a week would not reach the forty hours per year limit. DMAS expects to pay \$707 million in consumer directed care in FY 2023. With one month payment lag this rate increase is estimated to cost \$1.6 million

(\$700,000 general fund) in fiscal year 2023 and \$1.7 million (\$800,000 general fund) in fiscal year 2024.

The bill also expands paid sick leave requirements to include health care providers as defined in § 8.01-581.1. This provision of the bill may increase Medicaid provider costs. DMAS assumes reimbursement rates would not be adjusted directly to reflect these increases. However, some providers are paid based on costs and so there may be increases in expenditures in out years. There is not sufficient data to estimate the effect of these factors, so the associated fiscal impact is indeterminate at this time

***Department of Corrections***

According to the Department of Corrections, there are currently 97 medical wage staff who would be affected by this bill. The Department anticipates a general fund expenditure impact of \$245,530 annually. It is anticipated that this impact can be absorbed with existing appropriations.

***Department of Labor and Industry***

The Department of Labor and Industry (DOLI) would be responsible for enforcement of this bill and developing guidance for grocery stores by December 1, 2022. DOLI anticipates that one additional compliance officer will be needed within the Labor Law Division to conduct the required inspections. It is estimated that there are 220,000 workers in the grocery and healthcare sectors that would be impacted by the bill. The department anticipates approximately 90 new claims annually based on the rate of existing claims. The requirement to create guidance for grocery employers can be absorbed with existing resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services, Department of Corrections, Department of Labor and Industry

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None.