

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 2, 2005

TO: Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB343 by Deshotel (Relating to the regulation of convalescent homes, nursing homes, and related institutions.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB343, As Introduced: a negative impact of (\$40,517) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$21,283)
2007	(\$19,234)
2008	(\$19,234)
2009	(\$19,234)
2010	(\$19,234)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from GR MATCH FOR MEDICAID 758	Probable Savings/ (Cost) from FEDERAL FUNDS 555	Change in Number of State Employees from FY 2005
2006	(\$13,122)	(\$8,161)	(\$52,438)	1.0
2007	(\$11,859)	(\$7,375)	(\$47,387)	1.0
2008	(\$11,859)	(\$7,375)	(\$47,387)	1.0
2009	(\$11,859)	(\$7,375)	(\$47,387)	1.0
2010	(\$11,859)	(\$7,375)	(\$47,387)	1.0

Fiscal Analysis

The bill would amend Health and Safety Code 242.0448 requiring the Department of Aging and Disability Services (DADS) to establish an internal affairs office to investigate complaints by institutions related to an inspection, survey or investigation conducted by the agency.

Section 242.066 would be amended to add the facility cash flow and financial condition to the list of items for DADS to consider when determining the amount of the penalty and to require DADS to impose only one administrative penalty for each violation.

In addition, the bill amends Section 242.0665(b) to require DADS to determine that a violation

resulted in actual harm to a resident before considering other basis listed for no right to correct.

Methodology

The Department of Aging and Disability Services estimated that implementation of the provisions of the bill would require an additional investigator at \$42,216 per year in DADS credentialing enforcement, additional travel expense of \$1,000 each year and a one-time expenditure in fiscal year 2006 of \$7,100 for other operating expenses.

DADS indicated that amending Section 242.066 might conflict with Section 242.0665 that allows DADS to assess another administrative penalty for a violation if a facility does not maintain a correction. DADS indicated that administrative penalties assessed by DADS are under Health and Safety Code chapter 242 while the Attorney General under Chapter 242 prosecutes Civil Penalties. Medicaid civil monetary penalties are a federal Medicaid program remedy and are imposed by the Centers for Medicare and Medicaid Services or CMS for dually certified facilities.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Department of Aging and Disability Services

LBB Staff: JOB, CL, ML