

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 30, 2005**

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

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

**IN RE: HB669** by Jones, Jesse (Relating to the registration of certain assisted living facilities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB669, As Introduced: a negative impact of (\$3,367,762) 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	(\$2,576,425)
2007	(\$791,337)
2008	(\$880,537)
2009	(\$883,337)
2010	(\$71,787)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> <b>1</b>	Probable Savings/ (Cost) from <i>GR MATCH FOR</i> <i>MEDICAID</i> <b>758</b>	Probable Savings/ (Cost) from <i>FEDERAL FUNDS</i> <b>555</b>
2006	\$9,300	(\$2,566,797)	(\$18,928)	(\$30,271)
2007	\$700	(\$773,062)	(\$18,975)	(\$29,650)
2008	\$10,700	(\$872,262)	(\$18,975)	(\$29,650)
2009	\$800	(\$865,162)	(\$18,975)	(\$29,650)
2010	\$12,350	(\$65,162)	(\$18,975)	(\$29,650)

Fiscal Year	Change in Number of State Employees from FY 2005
2006	11.8
2007	11.8
2008	13.3
2009	13.3
2010	13.3

**Fiscal Analysis**

The bill would amend Subchapter B, Chapter 247, Health and Safety, Code by adding Section

247.032. Provisions of the bill would require the Executive Commissioner of the Health and Human Services Commission to establish, by rule, a classification and registration for a facility that furnishes food and shelter to three or fewer individuals unrelated to the proprietor of the facility and to register with the Department of Aging and Disability Services (DADS) biennially by submitting a registration application and a \$50 fee. Pursuant to Section 2, the adoption of the rules by HHSC must be not later than January 1, 2006.

The Department of Family and Protective Services (DFPS) may conduct investigations of abuse, neglect, and exploitation at facilities registered under these provisions.

### **Methodology**

DADS estimated that provisions of the bill would require the addition of surveyor and licensing staff of 10.8 for fiscal years 2006 and 07 and 12.3 thereafter. In addition to staffing needs the agency indicated that additional funding would be needed for travel and operating expense for the new staff. DADS indicated the staffing; travel and operating costs would be 100 percent State General Revenue dollars because Assisted Living Facilities are not certified as Medicaid providers.

DADS estimated that revenue would be received from the issuance of additional Assisted Living Facility fee registrations at 50 per registration. DADS stated that the fluctuations in the revenue are the result of the biennial duration of the registration.

DFPS estimated that due to the change in status of the facilities based on provisions of the bill from unlicensed/unregistered to registered, there would be an increased number of administrative reviews.

DFPS indicated that they investigated 370 cases in FY 2004 where the designated living arrangement was a room and board home. DFPS used a two percent growth rate applied to the 370 fiscal year 2004 cases for 2005 through 2010. DFPS assumed that 73 percent of the cases would be valid, 55 percent would be validated for an administrative review and that of those, 10 percent would go forward to a State Office of Administrative Hearings hearing. DFPS also assumed eight additional hours per case to prepare for the administrative reviews. The additional time applied to 55 percent of validated cases yielded one additional FTE.

### **Technology**

DADS estimated that compliance with provisions of the bill would require additional automation support to maintain a database of registered facilities, including facility's registration status, compliance status, application status, sanction actions, renewal actions, history of facility and renewal actions and expanded capability to produce various reports. DADS estimated that \$1,713,800 in All Funds would be needed for modifications to various software programs in fiscal year 2006.

The Department of Family and Protective Services indicated that technology costs of \$5,835 in the first year and \$3,493 thereafter, would result from set-up, maintenance, and on-going support of computer resources related to addition of new staffing.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

DADS indicated that city and county governments could be affected to the extent they currently monitor, permit, and oversee non-family residential living requirements for fire marshal inspection, occupancy permits, food service training and permits.

**Source Agencies:** 529 Health and Human Services Commission, 530 Department of Family and Protective Services, 539 Department of Aging and Disability Services

**LBB Staff:** JOB, CL, KF, ML