

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 13, 2005

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

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

**IN RE: HB1852** by Herrero (Relating to the installation of panic buttons in certain nursing homes and related institutions.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1852, As Introduced: a negative impact of (\$3,435,509) 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	(\$3,435,509)
2007	\$0
2008	\$0
2009	\$0
2010	\$0

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
2006	(\$102,017)	(\$3,333,492)	(\$5,500,954)
2007	\$0	\$0	\$0
2008	\$0	\$0	\$0
2009	\$0	\$0	\$0
2010	\$0	\$0	\$0

Fiscal Analysis

The bill would amend Subchapter B, Chapter 242, Health and Safety Code by adding Section 242.0372 requiring institutions to install panic buttons in each nursing facility resident's room. The bill requires that when activated, the panic button would connect the resident with security personnel at the nursing facility. The installation and maintenance of the required panic buttons would be in accordance with rules adopted by the Executive Commissioner of the Health and Human Services Commission. Nursing facilities would not be required to comply with the Act before November 1, 2005.

## Methodology

The Department of Aging and Disability Services (DADS) estimated that the Medicaid portion of the cost of installing panic buttons would be approximately \$100 (average per bed cost of a wireless installation was estimated to be \$75, while the average per bed cost of a hard-wired installation was estimated to be \$125). The certified bed count of filled and unfilled beds as of March 7, 2005 was 115,270 according to DADS. DADS review of the fiscal year 2002 cost reports indicated that 71.9 percent of the census in Medicaid-certified facilities was funded by Medicaid. Therefore, DADS estimated that the Medicaid-reimbursable portion of installation cost would be \$8,287,913 (\$100 per bed x 115,270 beds x 71.9 percent Medicaid, \$3,260,465 State, \$5,027,448 Federal). DADS assumed for this fiscal note that the cost would be deemed an allowable cost for purposes of calculating rates/Medicaid reimbursement and that DADS would reimburse facilities for the Medicaid-related share of installation costs in FY 2006. Should facilities choose not to install panic buttons for all beds the cost could be lower.

DADS assumed the agency would contract to complete the initial enforcement activities related to the installation of the panic buttons since the effort would need to be completed in a short time frame, approximately three months in order to comply with provisions of the bill. DADS estimated that the cost of the contracted service in fiscal year 2006 would be approximately \$648,550 (60 FTE's at \$3,603 x 3).

## Local Government Impact

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 539 Department of Aging and Disability Services

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