

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 25, 2009**

**TO:** Honorable Patrick M. Rose, Chair, House Committee on Human Services

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

**IN RE: HB3142** by Gonzalez Toureilles (Relating to reimbursement rates for nursing home services provided to Medicaid recipients.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3142, As Introduced: a negative impact of (\$946,993,500) through the biennium ending August 31, 2011.

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
2010	(\$474,293,658)
2011	(\$472,699,842)
2012	(\$472,699,842)
2013	(\$472,699,842)
2014	(\$472,699,842)

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

Fiscal Year	Probable Savings/(Cost) from <i>GR Match For Medicaid</i> 758	Probable Savings/(Cost) from <i>Federal Funds</i> 555
2010	(\$474,293,658)	(\$676,625,193)
2011	(\$472,699,842)	(\$678,541,859)
2012	(\$472,699,842)	(\$678,541,859)
2013	(\$472,699,842)	(\$678,541,859)
2014	(\$472,699,842)	(\$678,541,859)

**Fiscal Analysis**

The bill would amend Human Resources Code, Section 32.028 by adding Subsection q. The Subsection would require that base rates paid for Medicaid nursing home services ensure that providers of those services are reimbursed at a rate that is not less than the national average reimbursement rate paid for those services.

**Methodology**

The Department of Aging and Disability Services (DADS) used the national average Medicaid Nursing Facility rate for 2008 of \$161.52 per day of service in their calculation. This amount was identified by DADS from the publication, "A Report on Shortfalls in Medicaid Funding for Nursing Home Care" by ELJAY, LCC for the American Health Care Association, October 2008.

DADS indicated that the average Medicaid Nursing Facility (NF) rate in Texas for fiscal year 2008 was \$109.15 per patient day, a difference of \$52.37 per patient day. DADS assumed since Hospice room and board rates are set at 95 percent of the NF rate, the bill would also increase the Hospice rate by \$49.75 per patient day. The DADS pays for approximately 20.2 million days of NF care per year, as well as 1.8 million days of Hospice room and board care annually.

The total cost is estimated to be \$1.15 billion All Funds, including \$0.68 billion in General Revenue Funds, in each fiscal year. State General Revenue cost for the 2010-11 biennium would be lower to the extent that federal stimulus improves the federal match for Medicaid.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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