

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 12, 2013

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3196 by Price (Relating to licensing and certification requirements for certain health facilities and to the allocation of Medicaid beds in certain of those facilities; increasing fees.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3196, As Engrossed: a positive impact of \$809,186 through the biennium ending August 31, 2015.

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
2014	\$398,405
2015	\$410,781
2016	\$205,390
2017	\$205,390
2018	\$410,781

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1
2014	\$398,405
2015	\$410,781
2016	\$205,390
2017	\$205,390
2018	\$410,781

Fiscal Analysis

The bill would amend Chapter 242, Health and Safety Code, to increase the nursing facility license fee from \$250 to \$375 and increase the fee assessed per unit of capacity or bed space from \$10 to

\$15. The bill would provide for a three-year certification period for institutions providing specialized care and treatment of persons with Alzheimer's disease and related disorders. The Health and Human Services Commission (HHSC) would be required to adopt rules for staggered expiration dates, and DADS would be required to prorate the certification fee as appropriate.

The bill would amend Chapter 32, Human Resource Code, to permit DADS to require an applicant for additional Medicaid beds in a nursing facility to provide a performance bond payable to the department in the amount of \$500,000 conditioned on the applicant providing the Medicaid beds granted within the timeframe required by DADS. The performance bond would be executed by a corporate entity in accordance with Subchapter A, Chapter 3503, Insurance Code, in a form approved by DADS and would be required to display a toll-free telephone number maintained by the Texas Department of Insurance (TDI).

Methodology

It is assumed the bill would result in a General Revenue Fund gain of \$398,405 in fiscal year 2014, \$410,781 in fiscal year 2015, \$205,390 in fiscal years 2016 and 2017, and \$410,781 in fiscal year 2018. This estimate assumes all of the 1,188 facilities currently licensed by DADS would renew their licenses in fiscal year 2014 or 2015, half of those renewing in fiscal year 2014 would receive two-year licenses and half would receive three-year licenses, and that all licenses issued after the start of fiscal year 2015 would be three-year licenses. It is assumed three-year licenses would be assessed at \$375 and two-year licenses would be assessed at \$250, which would reflect an incremental revenue increase of \$125 per three-year license and \$83 per two-year license compared to current law. The estimate also assumes an increase in revenue due to the \$5 increase in the fee assessed per bed. It is assumed the state's 134,608 licensed beds are evenly distributed across nursing facilities (approximately 113 beds per nursing facility) and that a facility would pay bed fees when paying licensing fees.

HHSC and TDI assume any costs associated with implementation of the bill would be minimal and can be absorbed within available resources.

Local Government Impact

To the extent that a unit of local government operates a nursing facility, it would be impacted by the fee changes in the bill; however the amounts would vary depending on the number of licensed beds.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of

LBB Staff: UP, LL, CL, MB, VJC