

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 26, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB204 by Hinojosa (Relating to the continuation of the functions of the Department of Aging and Disability Services; increasing penalties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB204, As Passed 2nd House: a negative impact of (\$19,671,107) through the biennium ending August 31, 2017.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$7,406,555)
2017	(\$12,264,552)
2018	(\$11,938,552)
2019	(\$11,938,552)
2020	(\$11,938,552)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2015
2016	(\$7,406,555)	(\$1,382,826)	1.3
2017	(\$12,264,552)	(\$746,347)	1.3
2018	(\$11,938,552)	(\$420,347)	1.3
2019	(\$11,938,552)	(\$420,347)	1.3
2020	(\$11,938,552)	(\$420,347)	1.3

Fiscal Analysis

The bill would partially implement the Sunset Advisory Commission recommendations concerning the Department of Aging and Disability Services (DADS).

The bill would create progressive sanctions matrices for serious or repeated violations committed by certain providers, to be implemented by September 1, 2016. The bill would provide that non-minor violations are not subject to a right to correct. The bill would require DADS to revoke the

license of certain facilities if the license holder commits certain violations, and would require quality monitoring visits for certain facilities identified as medium risk. The bill would remove the requirement that the Health and Human Services Commission (HHSC) administer the informal dispute resolution process for assisted living facilities, and would require HHSC to contract with a nonprofit organization to adjudicate disputes between an institution and DADS as part of the process.

The bill would require DADS to develop a crisis intervention team system for areas where local intellectual and developmental disability (IDD) authorities are not able or do not operate crisis intervention teams. The bill would require DADS to conduct a study of possible alternative uses for the Austin State Supported Living Center. The bill would require the Department of Family and Protective Services (DFPS) to track and report to DADS data on abuse findings in day habilitation facilities serving DADS clients. The bill would require rating, regulatory performance, quality of care and loss of Medicaid certification to be posted on the agency's website.

The bill would abolish and transfer, in two phases, the functions of DADS to HHSC by September 1, 2017, in the event that other legislation consolidating health and human service enterprise functions does not pass. Most provisions of the bill are effective September 1, 2015.

Methodology

HHSC estimates that Information Technology (IT) changes will be necessary to the Home and Community Support Services Agency (HCSSA) regulatory portal to be able to track progressive sanctions for HCSSAs. The estimated cost is \$81,500 in General Revenue and \$163,000 All Funds for the Fiscal Year (FY) 2016-2017 biennium. Additionally, the General Land Office (GLO) operates eight long term care facilities for Texas Veterans. GLO indicates that if it has to close any of its long term care facilities for Texas Veterans, the federal government would have to be repaid 65 percent of total costs of the affected facility or facilities. Further, there would be costs to the state associated with the relocation of displaced veterans, potentially losing their federal VA Per Diem support which could increase reliance upon Medicaid funds, further increasing state costs. Lastly, if a home were to discontinue operations, changes in life safety code requirements could prevent the home from being sold as a nursing home, thereby reducing the value of the state real property. All of these additional costs are indeterminable at this time.

HHSC estimates that 5 Full-Time Equivalents (FTEs) (3 Program Specialist IIIs and 2 Nurse IIIs) would be needed to address the increased workload as a result of additional enforcement actions related to the right to correct. The cost estimate for the five additional FTEs includes salary and other employee related costs. The estimated cost for the biennium is \$724,066 in General Revenue and \$890,825 in All Funds for the FY 2016-2017 biennium.

HHSC estimates there would be a net cost of \$69,847 in General Revenue and \$279,389 in All Funds per fiscal year to implement the changes to the informal dispute resolution (IDR) process. HHSC assumes a savings of \$725,677 All Funds per fiscal year, and 10 FTEs, for contracting the IDR process. HHSC estimates it will require three FTEs to monitor the vendor contract, enter reporting data into federal databases, and to perform non-nursing home duties, at an All Funds cost of \$1,005,066 per fiscal year.

There would be a reduction in full-time equivalents (FTEs) as a result of HHSC contracting with a nonprofit organization to adjudicate disputes between an institution and DADS concerning certain violations. The resulting savings would partially offset any costs to implement the provisions, and

based on the LBB's analysis of DADS and HHSC, costs associated with implementation would be minimal and could be absorbed within available resources. This analysis assumes there will not be a significant increase in the number of facilities entering into informal dispute resolution as a result of the implementation.

HHSC estimates costs associated with the crisis intervention teams would be \$17,145,218 in General Revenue and All Funds for the 2016-2017 biennium. Local IDD Authority (LIDDA) team costs are estimated based on modeled team costs. HHSC estimates needing 1 Program Specialist VI, 2 Program Specialists IVs and a .25 Program Specialist VI. Contracts with LIDDAs to provide the crisis team services are estimated at \$5,500,000 million in FY 2016 in general revenue, and \$11,000,000 million in general revenue in subsequent fiscal years.

HHSC estimates the cost for the Quality Review System modifications and improvements, which include an additional FTE and IT changes, to be \$227,828 in General Revenue and \$471,302 in All funds over the 2016-2017 biennium.

HHSC estimates the cost for the IT upgrades and FTEs to implement the tracking and reporting related to day habilitation providers would be \$494,378 in General Revenue and \$921,176 in All Funds for FY 2016 and \$358,603 in General Revenue and \$650,161 in All Funds in FY 2017. Additional costs at DFPS to implement this provision are anticipated to not be significant.

DADS indicates that the cost of the Austin State Supported Living Center study would be \$500,000 in General Revenue and \$1,000,000 in All Funds for fiscal year 2016.

Technology

Technology costs are estimated by HHSC to total \$460,703 in general revenue and \$460,703 in federal funds in fiscal 2016 and \$326,000 in general revenue and \$326,000 in federal funds in fiscal 2017, for upgrades due to the progressive sanctions, quality of care and day habilitation provisions of the bill.

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of, 303 Facilities Commission, 305 General Land Office and Veterans' Land Board, 530 Family and Protective Services, Department of

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