

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 29, 2017

TO: Honorable Richard Peña Raymond, Chair, House Committee on Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3469 by Davis, Yvonne (Relating to the licensing and registration of certain assisted living facilities and group home facilities; authorizing the imposition of a civil penalty.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3469, As Introduced: a negative impact of (\$10,169,612) through the biennium ending August 31, 2019.

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
2018	(\$5,454,871)
2019	(\$4,714,741)
2020	(\$4,714,741)
2021	(\$4,714,751)
2022	(\$4,714,741)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	(\$8,454,871)	\$3,000,000	85.7
2019	(\$7,714,741)	\$3,000,000	85.7
2020	(\$7,714,741)	\$3,000,000	85.7
2021	(\$7,714,751)	\$3,000,000	85.7
2022	(\$7,714,741)	\$3,000,000	85.7

Fiscal Analysis

The bill would amend the Health and Safety Code to expand the definition for assisted living facility (ALF) to include an establishment that serves at least one but fewer than four persons

unrelated to the proprietor of the establishment, at least one of whom has Alzheimer's disease or dementia. The bill would also expand the definition of an ALF to include a group home facility which otherwise meets the definition of an ALF but furnishes food and shelter to three or fewer persons unrelated to the proprietor of the establishment. The bill would require the Executive Commissioner of the Health and Human Services Commission (HHSC) to adopt rules regarding the registration, licensing, and operation of these ALFs, and would impose a civil penalty against a group home facility that fails to register with HHSC. The bill would take effect September 1, 2017.

Methodology

This analysis assumes that the provisions of the bill would add approximately 4,000 new assisted living facilities to the ALF licensure program based on the total estimated number of individuals in Texas with Alzheimer's and the threshold in the bill for requiring ALF licensure. HHSC indicates that 29.0 FTEs would be required to handle 4,000 additional license applications and renewals. HHSC also indicates that it would require 51.0 FTEs to handle the survey and complaint workload, 1.0 FTEs to handle other increases in enforcement workload, and 3.0 FTEs to manage the creation and maintenance of the license type, develop training, and manage ongoing policy work associated with adding 4,000 additional ALFs. Costs could vary significantly depending on the number of new facilities that would require licensure under the provisions of the bill.

The estimated costs for 85.7 additional FTEs, including salaries, benefits, technology costs, and other operating expenses would be \$8,454,871 in fiscal year 2018 and \$7,714,741 in fiscal year 2019 and in each subsequent fiscal year. This analysis assumes that costs associated with rulemaking can be absorbed by existing agency staff and resources at HHSC. This analysis assumes an increase in revenue of \$3,000,000 in General Revenue per fiscal year based on the current licensing fees for ALFs of \$1,500 for two years, which averages to \$750 per fiscal year due to staggered renewal dates.

The Office of the Attorney General (OAG) indicates that there would be an estimated increase of 30 referrals from HHSC seeking civil penalties and injunctive relief against unlicensed facilities under the provisions of the bill. Based on the LBB's analysis of the OAG, the increase in referrals will not have a significant fiscal impact on the agency. Any costs arising from the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

Estimated technology costs would be \$590,022 in fiscal year 2018 and \$438,459 in fiscal year 2019 and in each subsequent fiscal year.

Local Government Impact

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

Source Agencies: 302 Office of the Attorney General, 529 Health and Human Services Commission

LBB Staff: UP, KCA, EP, MDI, JSm, TBo