

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 26, 2017**

**TO:** Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB1819** by Burton (Relating to the provision of a nursing facility quality-based payment incentives program and a program to increase direct care staff and wages under Medicaid.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time but a significant cost to state and federal funds is anticipated.

The bill would amend statute related to Medicaid nursing facility rates, removing a requirement that the rates provide for a program offering incentives for increasing direct care staff and direct care wages and benefits. That requirement is replaced with a requirement that the rates provide for both a program offering nursing facility quality-based payment incentives and also for a program for increasing direct care staff and direct care wages and benefits. A requirement that the rates only provide for the programs to the extent appropriated funds are available after funding is allocated to base rate adjustments is removed.

The Health and Human Services Commission already operates a direct care staff rate enhancement program through STAR+PLUS. It is assumed this existing program would meet the requirement related to direct care staff, wages, and benefits. It is assumed that the bill would require a second program be established to provide nursing facility quality-based payment incentives. The degree to which rates would be increased to operate such a program is not known, nor is the number of facilities that might qualify for a quality-based increase to payments; therefore, the fiscal impact cannot be determined but would be expected to result in a significant cost to both state and federal funds.

**Local Government Impact**

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

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** UP, KCA, LR