

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 30, 2021**

**TO:** Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB493** by Johnson (Relating to health care liability insurance for certain nursing facilities.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB493, As Introduced : a negative impact of (\$24,425,913) through the biennium ending August 31, 2023.

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:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$12,223,893)
2023	(\$12,202,020)
2024	(\$12,223,893)
2025	(\$12,225,140)
2026	(\$12,386,379)

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

<i>Fiscal Year</i>	<i>Probable (Cost) from GR Match For Medicaid 758</i>	<i>Probable (Cost) from Federal Funds 555</i>
2022	(\$12,223,893)	(\$19,023,278)
2023	(\$12,202,020)	(\$19,045,151)
2024	(\$12,223,893)	(\$19,023,278)
2025	(\$12,225,140)	(\$18,992,031)
2026	(\$12,386,379)	(\$18,860,792)

**Fiscal Analysis**

The bill would require a nursing facility licensed under Health and Safety Code Chapter 242 to maintain professional liability insurance coverage against the liability of the facility or the facility's employees for a health care liability claim with certain limit amounts.

The bill would require a nursing facility owned and operated by a governmental unit to maintain insurance coverage only to the extent of the governmental unit's liability under Section 101.023 of the Civil Practice and Remedies Code.

The bill would require a management company that manages a nursing facility owned by a governmental unit to maintain professional liability insurance coverage against the liability of the management company or the company's employees for a health care liability claim covered. The coverage would be in addition to the insurance coverage maintained by the facility

To the extent permitted by federal law and applicable state and federal rules, the cost of insurance coverage required under this section is an allowable cost for reimbursement under the state Medicaid program.

### **Methodology**

Nursing facilities that maintain professional liability insurance coverage are currently eligible to receive a \$1.67 per diem add-on to their Medicaid reimbursement. According to HHSC, 709 nursing facilities currently receive the add-on and 460 do not. The analysis assumes all 1,169 facilities would maintain professional liability insurance and reimbursement would be added to reimbursement rates rather than provided as an add-on. The analysis also assumes nursing facilities would be reimbursed for the cost of maintaining liability insurance, an estimated \$2.70 per diem, an increase of \$1.03 over the current add-on rate.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Hlth & Human Svcs Comm

**LBB Staff:** JMc, AKI, JLI, RD