

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 12, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3560 by Pierson (Relating to the licensing of mental hospitals and mental health facilities and the definition of facility for the purposes of the employee misconduct registry.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3560, As Engrossed: a negative impact of (\$3,057,658) through the biennium ending August 31, 2027.

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>
2026	(\$2,211,950)
2027	(\$845,708)
2028	(\$846,808)
2029	(\$847,723)
2030	(\$848,658)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from GR Match For Medicaid 758</i>	<i>Probable Savings/(Cost) from Federal Funds 555</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,547,814)	(\$664,136)	(\$679,136)	5.0
2027	(\$845,708)	\$0	\$0	5.0
2028	(\$846,808)	\$0	\$0	5.0
2029	(\$847,723)	\$0	\$0	5.0
2030	(\$848,658)	\$0	\$0	5.0

Fiscal Analysis

The bill would add licensed private mental hospitals and other mental health facilities to the types of facilities that the Health and Human Services Commission (HHSC) is required to investigate employee reportable conduct on. The bill would amend the license applications of private mental hospitals and other mental health facilities license applications to include the name and address of the person responsible for the daily operations of the facility. This bill would be effective September 1, 2025.

Methodology

According to HHSC, additional staff are needed to account for the new provider type, which could impact up to 63 currently licensed private mental hospitals and other mental health facilities. This analysis assumes HHSC would require an additional 5.0 full-time-equivalents (FTEs) to account for the new provider type, including: 4.0 Nurse III to investigate reportable conduct committed by facility employees and 1.0 Program Specialist VII to assist with related regulatory activities and policies required to account for the new provider type. Personnel-related costs, including salaries and travel, are estimated to total \$807,593 in General Revenue in fiscal year 2026 and \$845,708 in General Revenue in fiscal year 2027.

Technology

According to HHSC, updates would be required to the Employee Misconduct Registry (EMR) system, websites, and databases to account for the new provider type. The total technology cost is estimated to be \$2,083,493 in All Funds (\$1,404,357 in General Revenue and \$679,136 in Federal Funds) in fiscal year 2026 to make one-time modifications to the EMR system and other related technology system changes.

Local Government Impact

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

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, NPe, ER, LBl, NV, SB