

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 28, 2025

TO: Honorable Lacey Hull, Chair, House Committee on Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB5396** by Rose (Relating to the licensing and regulation of inpatient rehabilitation facilities; imposing fees; providing civil and administrative penalties; creating criminal offenses.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB5396, As Introduced: a negative impact of (\$3,945,807) 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	(\$2,295,685)
2027	(\$1,650,122)
2028	(\$1,290,426)
2029	(\$1,292,013)
2030	(\$1,293,635)

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	(\$1,569,974)	(\$725,711)	(\$742,103)	8.0
2027	(\$1,347,089)	(\$303,033)	(\$309,886)	11.0
2028	(\$1,158,885)	(\$131,541)	(\$134,517)	11.0
2029	(\$1,160,414)	(\$131,599)	(\$134,577)	11.0
2030	(\$1,161,976)	(\$131,659)	(\$134,638)	11.0

Fiscal Analysis

This bill amends the Health and Safety Code to require the licensing of inpatient rehabilitation facilities and established parameters for denial, suspension, or revocation of licenses.

The bill would assess a civil or administrative penalty for each violation if it were determined the violation threatens the health and safety of a patient.

The bill would create a third-degree felony offense related to disclosure of unannounced inspections

committed when a person intentionally discloses to an unauthorized person certain information about an unannounced inspection of an inpatient rehabilitation facility before the inspection occurs. The bill would create a finable criminal offense for a person to establish, conduct, or maintain an inpatient rehabilitation facility without a license. The bill would create a Class C misdemeanor offense for certain violations concerning the posting of notices of suspension of an inpatient rehabilitation facility.

This bill would take effect September 1, 2025.

## **Methodology**

The Health and Human Service Commission (HHSC) assumes they would need to implement licensing requirements for inpatient rehabilitation facilities (IRF) throughout the state. IRFs are not currently regulated by HHSC and would require significant system modifications to the Texas Unified Licensure Information Portal (TULIP) system and the Regulatory Automated System (RAS) in order to create the new license type in addition to all associated functions of the licensure. HHSC also assumes the agency would have to develop a tracking system to track enforcement actions and the scope and severity in the Automated Survey Processing Environment (ASPEN) and TULIP. This analysis assumes HHSC would require \$2,295,685 from the General Revenue Fund (\$3,037,788 from All Funds) and 8.0 “full-time-equivalents (FTEs)” in fiscal year 2026 and \$1,650,122 from the General Revenue Fund (\$1,960,008 from All Funds) and 11.0 FTEs in fiscal year 2027 to implement the provisions of the bill, which include updating internal and external rule, policies, and procedures related to IRFs; developing training and curriculum on new regulations, survey and investigation protocols, and enforcement processes; providing Tier 2 Help Desk support to resolve both internal and external customer incidents; and configuring licensing systems and platforms to accommodate the new licensure and associated functions.

Included in the amounts above are assumed FTE costs totaling \$994,302 from the General Revenue Fund (\$1,107,734 from All Funds) and 1.0 Nurse III, 2.0 Program Specialist IV, 2.0 Program Specialist V, 2.0 Systems Analyst V, 1.0 Training and Development Spec. V FTEs in fiscal year 2026 and \$1,292,723 from the General Revenue Fund (\$1,430,183 from All Funds) and 1.0 License and Permit Spec. III, 1.0 Nurse III, 2.0 Program Specialist IV, 2.0 Program Specialist V, 2.0 Systems Analyst V, 1.0 Training and Development Spec. V, 1.0 Ombudsman II, and 1.0 Program Specialist V FTEs in fiscal year 2027. This includes \$83,827 from the General Revenue Fund (\$90,142 from All Funds) in fiscal years 2026-27 for one-time costs related to the implementation of provisions of this bill. This analysis assumes, starting in fiscal year 2027, that HHSC would require an additional 1.0 License and Permit Spec. III, 1.0 Ombudsman II, 1.0 Program Specialist V as this bill has compliance beginning on September 1, 2026, and certain regulatory activities would not happen prior to the issuance of licenses for IRFs.

This analysis also assumes, and included above, HHSC would require \$1,301,383 from the General Revenue Fund (\$1,930,054 from All Funds) in fiscal year 2026 and \$357,399 from the General Revenue Fund (\$529,825 from All Funds) in fiscal year 2027 to related to the system modifications and development of RAS, TULIP, ASPEN, and a tracking system to implement the provisions of this bill. Starting in fiscal year 2028, HHSC assumes the ongoing costs related to the technology infrastructure would be \$1,500 from the General Revenue Fund each fiscal year.

The number of individuals who would violate the provisions of this bill are unknown; therefore, the Office of Court Administration and the Comptroller of Public Accounts cannot determine the fiscal impact to the state from criminal, civil, and administrative penalties.

It is assumed that any impact on state correctional populations or on the demand for state correctional resources would not be significant.

This analysis assumes the Office of the Attorney General and State Office of Administrative Hearings can implement provisions of this bill within existing agency resources.

## **Technology**

As mentioned above, HHSC would require \$1,301,383 from the General Revenue Fund (\$1,930,054 from All Funds) in fiscal year 2026 and \$357,399 from the General Revenue Fund (\$529,825 from All Funds) in fiscal

year 2027 to related to the system modifications and development of RAS, TULIP, ASPEN, and a tracking system to implement the provisions of this bill.

**Local Government Impact**

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

It is assumed that any fiscal impact to units of local government associated with enforcement, prosecution, supervision, or confinement would not be significant.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 529 Health and Human Services Commission

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