

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 11, 2025

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

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

**IN RE: SB457** by Kolkhorst (Relating to the regulation of certain nursing facilities, including licensing requirements and Medicaid participation requirements.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB457, As Introduced: a negative impact of (\$1,751,447) 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               | (\$1,384,543)                                                                   |
| 2027               | (\$366,904)                                                                     |
| 2028               | (\$367,564)                                                                     |
| 2029               | (\$368,113)                                                                     |
| 2030               | (\$368,674)                                                                     |

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 2023</i> |
|--------------------|------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|
| 2026               | (\$917,885)                                                | (\$466,658)                                                   | (\$477,192)                                           | 3.0                                                     |
| 2027               | (\$366,904)                                                | \$0                                                           | \$0                                                   | 3.0                                                     |
| 2028               | (\$367,564)                                                | \$0                                                           | \$0                                                   | 3.0                                                     |
| 2029               | (\$368,113)                                                | \$0                                                           | \$0                                                   | 3.0                                                     |
| 2030               | (\$368,674)                                                | \$0                                                           | \$0                                                   | 3.0                                                     |

Fiscal Analysis

The bill would require applications for license or renewal of a license of a nursing facility and related institution to include the name of each person with direct or indirect ownership interest of five percent or more in the facility or the real property on which the facility is located, and to describe the ownership interest. The bill would require a license holder to notify the Health and Human Services Commission (HHSC) of changes made to the ownership interest information included in the application.

The bill would require HHSC to recoup all or part of an incentive payment if a nursing facility fails to satisfy a program requirement. The bill would require HHSC to prohibit providers who are the subject of the recoupment

from participating in an incentives program for a given period of time, and to publish a list of prohibited providers on the agency's website.

The bill would require the executive commissioner of HHSC to, by rule, establish an annual direct care expense ratio applicable to the reimbursement of nursing facility providers.

The bill would take effect September 1, 2025.

### **Methodology**

According to HHSC, 3.5 additional full-time equivalents (FTE) would be needed to process an anticipated increase in applications. This analysis assumes HHSC would need additional License and Permit Specialist IV positions to process increased applications and screen additional individuals that are required to be disclosed in the application. This analysis assumes a total of 3.0 FTEs are needed in fiscal year 2026 through 2030 to implement the provisions of the bill. Personnel-related costs, including salaries, travel, and overhead are estimated to total \$396,652 from All Funds in fiscal year 2026 and \$366,904 from All Funds in fiscal year 2027.

It is assumed all other costs associated with the bill can be absorbed within existing resources.

### **Technology**

The total technology cost is estimated to be \$1,465,083 from All Funds in fiscal year 2026. Costs are primarily related to software licenses and one-time modifications to the Texas Unified Licensure Information Portal to accommodate the changes to applications required by the bill.

### **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, ESch, NV