

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 26, 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 and reimbursement requirements.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB457, Committee Report 1st House, Substituted: 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 the executive commissioner of HHSC to, by rule, establish an annual patient care

expense ratio applicable to the reimbursement of nursing facility providers. With certain exceptions, the bill would permit HHSC to recoup all or part of the medical assistance reimbursement amount paid to a nursing facility that is subject to the expense ratio if the facility fails to spend the reimbursement amount in accordance with the expense ratio.

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