

SUBJECT: Revising licensing and certification requirements of nursing facilities

COMMITTEE: Human Services — committee substitute recommended

VOTE: 5 ayes — Raymond, N. Gonzalez, Fallon, Naishtat, Zerwas
1 nay — Scott Turner
2 absent — Klick, Sanford
1 present, not voting — Rose

WITNESSES: For — Gavin Gadberry, Texas Health Care Association
Against — None
On — (*Registered, but did not testify:* Dana McGrath, Department of Aging and Disability Services; David Thomason, LeadingAge Texas)

DIGEST: CSHB 3196 would increase the maximum license fees that the Health and Human Services Commission (HHSC) could require of nursing facilities licensed by the Department of Aging and Disability Services (DADS) to \$375 from \$250. It also would increase the per-bed fee to \$15 from \$10.

The bill also would increase from one year to three years the certification period for institutions meeting HHSC standards to provide specialized care for persons with Alzheimer's disease and related disorders. The HHSC commissioner by rule would stagger the expiration dates of certifications within the three-year period, prorating any certification fee as appropriate.

CSHB 3196 would allow DADS to require applicants constructing a nursing facility containing an allocation of Medicaid beds to provide a performance bond of \$500,000 conditioned on the applicant completing the facility and receiving certification of the Medicaid beds within DADS' required time frame. The bill would detail minimum requirements of a performance bond. DADS would not be allowed to require that any specific insurer or broker issue a performance bond.

The bill would take effect September 1, 2013.

**SUPPORTERS
SAY:**

CSHB 3196 would generate additional revenue for the state with only a modest increase in fees. The Legislative Budget Board calculates the bill would have an estimated positive net impact to general revenue of \$809,186 in fiscal 2014-15. The bill would charge nursing homes the same effective amount as they had been paying before 2011, when the 82nd Legislature approved SB 7, which created the new three-year certification period but failed to raise the fee. Before then, nursing homes were paying a rate of \$125 per year, so the \$375 fee for three years is effectively the same.

The bill also would increase patient access to Medicaid-eligible nursing facilities. By allowing a performance bond, CSHB 3196 would give a financial incentive to applicants to complete on time new facilities that have received a quota of Medicaid-paid beds. A performance bond would ensure better predictability and consistency in Medicaid nursing facility bed allocation.

**OPPONENTS
SAY:**

CSHB 3196 would be a burdensome governmental intrusion on nursing facilities. The bill would increase license fees over the level of the last two years, which would act as a tax increase on nursing home operators. Allowing DADS to require a performance bond of \$500,000 would be an overly intrusive requirement that could deter the construction of needed nursing facilities.