

SUBJECT: Probationary licenses for nursing homes

COMMITTEE: Human Services — committee substitute recommended

VOTE: 8 ayes — Naishtat, Maxey, Chavez, Christian, J. Davis, Noriega, Truitt, Wohlgemuth
0 nays
1 absent — Telford

SENATE VOTE: On final passage, February 23 — voice vote (Harris and Nixon recorded nay)

WITNESSES: (*On House companion bill, HB 223*)
For — None
Against — None
On — Susan Syler, Texas Department of Human Services

DIGEST: CSSB 19 would require one-year, probationary licenses for new nursing homes. At the end of the one-year period, a full two-year license would have to be issued if the license holder, controlling persons, and managing employees met state nursing home laws and rules. The probationary license fee could not exceed \$125 plus \$5 for each bed, with an additional background examination fee.

The bill would take effect September 1, 1999, and apply to licenses issued on or after that date.

SUPPORTERS SAY: SB 19 would improve regulation of the nursing home industry, adding a technical refinement to reforms enacted by SB 190 last session. It would provide a short-term probationary period for new nursing home operators, monitoring their track record for a year prior to issuing full licenses. This would minimize administrative costs involved in penalizing or shutting down bad operators.

The bill would tighten state enforcement, without having a significant impact on the nursing home industry. Only about 16 new facilities were licensed last year, and that number is not expected to vary in the future due to the state moratorium on building new Medicaid-certified nursing home beds.

Nursing homes today are licensed only for two years. The one-year license would not be significant to most lenders who count on facilities remaining in operation for long periods. If anything, a probationary license would provide incentives to nursing homes to provide excellent services, thereby assuring lenders that investments in the facilities would be sound.

**OPPONENTS
SAY:**

This bill could impede needed expansion in the number of nursing homes. Because the state would offer only a one-year probationary assurance for new facilities, this bill could make it harder for nursing homes to get the capital and long-term loans needed to build new facilities.

**OTHER
OPPONENTS
SAY:**

This bill is unnecessary for good regulation and would do nothing to improve nursing home quality of care. DHS already has all the authority it needs to regulate nursing homes adequately. A one-year probationary license would be just another bureaucratic hurdle that would do nothing to cut down on the number of bad nursing home operators. For most nursing homes, it generally takes more than one year before serious resident care problems develop and become apparent.

NOTES:

The committee substitute would require, rather than permit, a two-year license to be issued to nursing homes after the one-year period expired if the license holder satisfied the stated requirements.