BILL ANALYSIS

Senate Research Center

S.B. 403
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Health & Human Services
3-17-97
As Filed

DIGEST

Currently, federal law requires state Medicaid programs to make special payments to hospitals that serve a large or "disproportionate" number of low-income patients based on the overall cost to those hospitals of treating indigent patients, less any third-party reimbursements. These payments, called Medicaid disproportionate share hospital (DSH, or "Dispro") payments, are matched by the federal government at approximately a 2-to-1 rate. A 1991 Texas law allowed the state to levy an assessment on certain hospitals and hospital districts for the purpose of funding the Medicaid disproportionate share hospital program. In 1993, however, the federal Health Care Financing Authority adopted regulations that prohibited assessments on hospitals and hospital districts for the purpose of funding the Dispro program. Thus, the state Medicaid program developed an alternate method of funding the program. This legislation repeals the obsolete 1991 Texas law in an effort to prevent payors from incorrectly deducting an amount equal to the assessment from their payments to providers.

PURPOSE

As proposed, S.B. 403 repeals the Act establishing funding of the Medicaid disproportionate share program through an assessment imposed against certain hospitals and hospital districts.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Repealer: Chapter 2, Acts of the 72nd Legislature, 1st Called Session, 1991 (Article 4494q-2, V.T.C.S.) (Senate Bill No. 82).

SECTION 2. Emergency clause.
Effective date: upon passage.