

## **BILL ANALYSIS**

Senate Research Center  
78R3360 KLA-D

S.B. 1672  
By: Janek  
Health & Human Services  
4/1/2003  
As Filed

### **DIGEST AND PURPOSE**

As proposed, S.B. 1672 requires Texas Medicaid to make quality a prime consideration in its contracts with nursing homes that care for senior and disabled Texans. This bill also improves access, for Texas families, to information about the quality of nursing home care, changes the way the state pays for nursing home care for clients eligible for both Medicaid and Medicare, and allows the state to redirect funds to quality improvement programs.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Human Services in SECTION 4 (Section 242.406, Health and Safety Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 32.021, Human Resources Code, by adding Subsections (q), (r), and (s), as follows:

(q) Requires an agency operating part of the medical assistance program (department) to include in its contracts for the delivery of medical assistance by nursing facilities clearly defined minimum standards that relate directly to the quality of care for residents of those facilities. Requires the department to implement the recommendations made by the nursing facility quality assurance team under Section 32.060 in establishing the standards. Requires the department to include certain information and provisions in each contract.

(r) Prohibits the department from awarding a contract for the delivery of medical assistance to a nursing facility that does not meet the minimum standards that would be included in the contract as required by Subsection (q). Requires the department to terminate a contract for the delivery of medical assistance by a nursing facility that does not meet or maintain the minimum standards included in the contract in a manner consistent with the terms of the contract.

(s) Requires the department, not later than November 15 of each even-numbered year, to submit a report to the legislature regarding nursing facilities that contract with the department to provide medical assistance under this chapter and other facilities with which the department was prohibited to contract as provided by Subsection (r). Authorizes the department to include the report required under this section with the report made by the long-term care legislative oversight committee as required by Section 242.654, Health and Safety Code. Requires the report to include certain information.

SECTION 2. Amends Section 32.050, Human Resources Code, by adding Subsection (d) to prohibit the medical assistance program (program) from paying any portion of the Medicare deductibles or coinsurance, and requires the nursing facility that provided the service to consider the amount paid by Medicare as payment in full if the amount paid by Medicare is equal to or exceeds the Medicaid reimbursement rate for a service, for a nursing facility service provided to an individual who is eligible under the medical assistance program and Medicare.

SECTION 3. Amends Chapter 32B, Human Resources Code, by adding Section 32.060, as follows:

Sec. 32.060. NURSING FACILITY QUALITY ASSURANCE TEAM. (a) Provides that the nursing facility quality assurance team (team) is established to make recommendations to the department designed to promote high-quality care for residents of nursing facilities.

(b) Provides that the team is composed of nine certain members.

(c) Requires the governor to designate a member of the team to serve as presiding officer. Requires the members of the team to elect any other necessary officers.

(d) Requires the team to meet at the call of the presiding officer.

(e) Provides that a member of the team serves at the will of the appointing official.

(f) Prohibits a member of the team from receiving compensation for serving on the team but authorizes reimbursement for travel expenses incurred by the member while conducting the business of the team as provided by the General Appropriations Act.

(g) Requires the team to develop and recommend certain standards and improvements.

(h) Requires the team, in developing minimum standards for contracts as required by Subsection (g)(1), to take certain actions.

(i) Requires the department to ensure the accuracy of information provided to the team for use by the team in performing the team's duties under this section. Requires the Health and Human Services Commission to provide administrative support and resources to the team and request additional administrative support and resources from health and human services agencies as necessary.

SECTION 4. Chapter 242K, Health and Safety Code, by adding Section 242.406, as follows:

Sec. 242.406. GRANT PROGRAM FOR NURSING FACILITIES PROVIDING QUALITY ENVIRONMENTS. (a) Requires the Texas Department of Human Services (TDHS) to establish a competitive grant program to pay part of the costs of a project proposed by a nursing facility that is designed to improve the quality of life for residents of the facility by providing certain actions, opportunities, and programs.

(b) Requires a project proposed by a nursing facility under Subsection (a) to be designed to serve as a model of best practices for the nursing facility industry.

(c) Requires TDHS to monitor the expenditure of grant money to ensure that the money is being used for the intended purpose.

(d) Requires TDHS, by rule, to establish guidelines for the grant program, including guidelines that specify the procedures for submitting a grant proposal, the criteria the department will follow in evaluating the proposals, and the reports that a grant recipient must file to allow the department and the industry to evaluate the feasibility and success of the project.

(e) Requires TDHS to fund the grant program using available resources attributable to the savings realized from implementing Section 32.050(d), Human Resources Code.

(f) Requires TDHS to award each grant under a contract. Authorizes a contract to further detail reports that the grant recipient is required to file and monitoring of the project that the grant recipient must allow.

(g) Requires TDHS to post a summary of best practices under the grant program on its Internet site to serve as a model of best practices for the industry. Requires TDHS to report to the legislature regarding those best practices.

SECTION 5. (a) Requires the Texas Department of Human Services to implement the recommendations for improving the quality of nursing facility information provided to consumers that are made by the nursing facility quality assurance team as required by Section 32.021, Human Resources Code, as added by this Act, not later than September 1, 2004.

(b) Makes application of Section 32.021(q) as added by this Act prospective to May 1, 2004.

SECTION 6. (a) Requires the governor, the lieutenant governor, and the speaker of the house of representatives to appoint the members of the team established under Section 32.060, Human Resources Code, as added by this Act, not later than October 1, 2003.

(b) Requires the team to develop and make the recommendations required by Section 32.060, Human Resources Code, as added by this Act, not later than March 1, 2004.

SECTION 7. Effective date: September 1, 2003.