

BILL ANALYSIS

Senate Research Center

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By: Miles et al.
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since 2013, Texas hospitals in 20 counties (including most recently Dallas and Tarrant Counties) have successfully created local provider participation funds (LPPF) for the purpose of generating parts of the non-federal share of Medicaid payments. With approval from the Texas Legislature, nonpublic hospitals in a particular jurisdiction agree to impose an assessment, not to exceed six percent, on their total net patient revenues. These quarterly assessments are matched with federal Medicaid dollars and paid to the hospitals in the jurisdiction to supplement the below-cost Medicaid payment.

S.B. 2022 allows Harris County the option to create an LPPF, which will allow local safety-net hospitals to contain property tax expenses for healthcare and to gain fair access to the Texas Waiver, and HHSC's new Uniform Hospital Rate Increase Program (UHRIP). It does not mandate the creation of an LPPF.

As proposed, S.B. 2022 amends current law relating to the creation and operations of health care provider participation programs in Harris County Hospital District.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of directors of a development corporation in SECTION 1 (Section __.103, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle D, Title 4, Health and Safety Code by adding Chapter __, as follows:

CHAPTER __. HARRIS COUNTY HOSPITAL DISTRICT HEALTH CARE PROVIDER PARTICIPATION PROGRAM.

SUBCHAPTER A. GENERAL PROVISIONS

Sec. __.001 DEFINITIONS. Defines "board," "district," "institutional health care provider," "paying provider," and "program."

Sec. __.002 APPLICABILITY. Provides that this chapter applies only to the Harris County Hospital District.

Sec. __.003 HEALTH CARE PROVIDER PARTICIPATION PROGRAM; PARTICIPATION IN PROGRAM. Authorizes the board of directors of a development corporation (board) to authorize the district to participate in a health care provider participation program on the affirmative vote of the majority of the board, subject to the provisions of this chapter.

Sec. __.004 EXPIRATION.

(a) Provides that the authority of the district to administer and operate a program under this chapter expires December 31, 2021.

(b) Provides this chapter expires December 31, 2021.

SUBCHAPTER B. POWERS AND DUTIES OF BOARD

Sec. ____.051 LIMITATION ON AUTHORITY TO REQUIRE MANDATORY PAYMENT. Authorizes the board to require a mandatory payment authorized under this chapter by an institutional health care provider in the district only in the manner provided by this chapter.

Sec. ____.052 RULES AND PROCEDURES. Authorizes the board to adopt rules relating to the administration of the program, including collection of the mandatory payments, expenditures, audits, and any other administrative aspects of the program.

Sec. ____.053 PAYING PROVIDER REPORTING. Requires the board, if the board authorizes the district to participate in a program under this chapter, to require each paying provider to submit to the district a copy of any financial and utilization data as reported in the paying provider's Medicare cost report for the previous fiscal year or for the closest subsequent fiscal year for which the paying provider submitted the Medicare cost report.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. ____.101 HEARING.

(a) Requires the board, in each year the board authorizes a program under this chapter, to hold a public hearing on the amounts of any mandatory payments that the board intends to require during the year and how revenue derived from those payments is to be spent.

(b) Requires the board, not later than the fifth day before the date of the hearing required under Subsection (a), to publish notice of the hearing in a newspaper of general circulation in the district and provide written notice.

(c) A representative of a paying provider is entitled to appear at the public hearing and to be heard regarding any matter related to the mandatory payments authorized under this chapter.

Sec. ____.102 DEPOSITORY.

(a) Requires the board, if the board requires a mandatory payment authorized under this chapter, to designate one or more banks as a depository for the district's local provider participation fund.

(b) Requires all funds collected under this chapter to be secured in the manner provided for securing other district funds.

Sec. ____.103 LOCAL PROVIDER PARTICIPATION FUND; AUTHORIZED USES OF MONEY. (a) Requires the district, if the district requires a mandatory payment authorized under this chapter, to create a local provider participation fund.

(b) Provides that the local provider participation fund consists of:

(1) all revenue received by the district attributable to mandatory payments authorized under this chapter;

(2) money received from the Health and Human Services Commission as a refund of an intergovernmental transfer under the program, provided that the intergovernmental transfer does not receive a federal matching payment; and

(3) the earnings of the fund.

(c) Authorizes money deposited to the local provider participation fund of the district to be used only to:

(1) fund intergovernmental transfers from the district to the state to provide the nonfederal share of Medicaid payments for:

(A) uncompensated care payments to nonpublic hospitals, if those payments are authorized under the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315);

(B) uniform rate enhancements for nonpublic hospitals in the Medicaid managed care service area in which the district is located;

(C) payments available under another waiver program authorizing payments that are substantially similar to Medicaid payments to nonpublic hospitals described by Subdivision (A) or (B); or

(D) any reimbursement to nonpublic hospitals for which federal matching funds are available;

(2) subject to Section _____.151(d), pay the administrative expenses of the district in administering the program, including collateralization of deposits;

(3) refund a mandatory payment collected in error from a paying provider;

(4) refund to paying providers a proportionate share of a mandatory payment that the district:

(A) receives from the Health and Human Services Commission that is not used to fund the nonfederal share of Medicaid supplemental payment program payments; or

(B) determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments; and

(5) transfer funds to the Health and Human Services Commission if the district is legally required to transfer funds to address a disallowance of federal matching funds with respect to programs for which the district made intergovernmental transfers described by Subdivision (1).

(d) Prohibits money in the local provider participation fund from being commingled with other district funds.

(e) Prohibits any funds received by the state, district, or other entity as a result of the transfer, notwithstanding any other provision of this chapter, with respect to an intergovernmental transfer of funds described by Subsection (c)(1) made by the district, from being used by the state, district, or any other entity to:

(1) expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152); or

(2) fund the nonfederal share of payments to nonpublic hospitals available

through the Medicaid disproportionate share hospital program or the delivery system reform incentive payment program.

SUBCHAPTER D. MANDATORY PAYMENTS

Sec. ____151 MANDATORY PAYMENTS BASED ON PAYING PROVIDER NET PATIENT REVENUE.

(a) Requires the board, if the board authorizes a health care provider participation program under this chapter, to require a mandatory payment to be assessed on the net patient revenue of each paying provider located in the district. Authorizes the board to provide for the mandatory payment to be assessed incrementally throughout the year; provided, however, that paying providers be required to have thirty (30) calendar days upon receipt of written notice from the district to make any mandatory payment. Provides that in the first year in which the mandatory payment is required, the mandatory payment is assessed on the net patient revenue of a paying provider as determined by the paying provider's copy of its Medicare cost report for the previous fiscal year or for the closest subsequent fiscal year for which the paying provider submitted the Medicare cost report.

(b) Requires the amount of a mandatory payment authorized under this chapter to be uniformly proportionate with the amount of net patient revenue generated by each paying provider in the district as permitted under federal law. Prohibits a health care provider participation program authorized under this chapter from holding harmless any institutional health care provider, as required under 42 U.S.C. Section 1396b(w).

(c) Requires the board, if the board requires a mandatory payment authorized under this chapter, to set the amount of the mandatory payment, subject to the limitations of this chapter. Prohibits the aggregate amount of the mandatory payments required of all paying providers in the district from exceeding four percent of the aggregate net patient revenue from hospital services provided by all paying providers in the district.

(d) Requires the board, subject to Subsection (c), if the board requires a mandatory payment authorized under this chapter, to set the mandatory payments in amounts that in the aggregate will generate sufficient revenue to cover the administrative expenses of the district for activities under this chapter and to fund an intergovernmental transfer described by Section ____103(c)(1). Provides that of the annual amount of revenue received by the district attributable to mandatory payments authorized under this chapter, 0.25% shall be paid to the district for administrative expenses.

(e) Prohibits a paying provider from adding a mandatory payment required under this section as a surcharge to a patient.

(f) Provides that a mandatory payment assessed under this chapter is not a tax for hospital purposes for purposes of Section 4, Article IX, Texas Constitution, or Section 281.045.

Sec. ____152 ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS.

(a) Authorizes the district to designate an official of the district or contract with another person to assess and collect the mandatory payments authorized under this chapter.

(b) Requires the person charged by the district with the assessment and collection of mandatory payments to charge and deduct from the mandatory payments collected for the district a collection fee in an amount not to exceed the person's usual and customary charges for like services.

(c) Requires any revenue, if the person charged with the assessment and collection of mandatory payments is an official of the district, from a collection fee charged under Subsection (b) to be deposited in the district general fund and, if appropriate, shall be reported as fees of the district.

Sec. ____153 PURPOSE; CORRECTION OF INVALID PROVISION OR PROCEDURE; LIMITATION OF AUTHORITY.

(a) Provides that the purpose of this chapter is to authorize the district to establish a program to enable the district to collect mandatory payments from institutional health care providers to fund the nonfederal share of a Medicaid supplemental payment program or the Medicaid managed care rate enhancements for nonpublic hospitals to support the provision of health care by institutional health care providers to district residents in need of health care.

(b) Provides that this chapter does not authorize the district to collect mandatory payments for the purpose of raising general revenue or any amount in excess of the amount reasonably necessary to fund the uses described in Section ____103(c) to cover the administrative expenses of the district associated with activities under this chapter.

(c) Authorizes the board, to the extent any provision or procedure under this chapter causes a mandatory payment authorized under this chapter to be ineligible for federal matching funds, to provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services. Prohibits a rule adopted under this section from creating, imposing, or materially expanding the legal or financial liability or responsibility of the district or an institutional health care provider in the district beyond the provisions of this chapter. Provides that this section does not require the board to adopt a rule.

(d) Authorizes the district to only assess and collect a mandatory payment authorized under this chapter if a waiver program, uniform rate enhancement, or reimbursement described by Section ____103(c)(1) is available to the district.