

By: Klick, Hinojosa, Meza, Capriglione,  
et al.

H.B. No. 2955

A BILL TO BE ENTITLED

AN ACT

relating to the reimbursement of certain urban teaching hospitals  
for the provision of inpatient hospital care under Medicaid.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 32, Human Resources Code,  
is amended by adding Section 32.0285 to read as follows:

Sec. 32.0285. CALCULATION OF MEDICAL EDUCATION ADD-ON FOR  
REIMBURSEMENT OF CERTAIN URBAN TEACHING HOSPITALS. (a) In this  
section:

(1) "Base standard dollar amount" means the  
standardized payment amount calculated by the commission for costs  
incurred by prospectively paid hospitals in this state for  
providing inpatient hospital care under Medicaid.

(2) "Children's hospital" means a hospital designated  
by the Centers for Medicare and Medicaid Services as a children's  
hospital.

(3) "Medical education add-on" means an adjustment to  
the base standard dollar amount for an urban teaching hospital to  
reflect higher patient care costs relative to nonteaching urban  
hospitals.

(4) "Rural hospital" means a hospital enrolled as a  
Medicaid provider that:

(A) is located in a county with a population of  
not more than 60,000;

1           (B) is designated by the Centers for Medicare and  
2 Medicaid Services as a critical access hospital, sole community  
3 hospital, or rural referral center and is not located in an area  
4 defined by the United States Office of Management and Budget as a  
5 metropolitan statistical area; or

6           (C) meets all of the following criteria:

7                   (i) has 100 or fewer beds;

8                   (ii) is designated by the Centers for  
9 Medicare and Medicaid Services as a critical access hospital, sole  
10 community hospital, or rural referral center; and

11                   (iii) is located in an area defined by the  
12 United States Office of Management and Budget as a metropolitan  
13 statistical area.

14           (5) "State-owned teaching hospital" means:

15                   (A) The University of Texas Medical Branch at  
16 Galveston;

17                   (B) The University of Texas Health Science Center  
18 at Tyler; and

19                   (C) The University of Texas M.D. Anderson Cancer  
20 Center.

21           (6) "Teaching hospital" means a hospital that incurs  
22 indirect costs for operating graduate medical education programs  
23 and for which the Centers for Medicare and Medicaid Services has  
24 calculated and assigned a percentage Medicare education adjustment  
25 factor under 42 C.F.R. Section 412.105.

26           (7) "Urban hospital" means a hospital that:

27                   (A) is located in an area defined by the United

1 States Office of Management and Budget as a metropolitan  
2 statistical area; and

3 (B) is not a rural hospital, children's hospital,  
4 state-owned teaching hospital, or freestanding psychiatric  
5 facility.

6 (b) To the extent permitted by federal law, in order to  
7 ensure that urban teaching hospitals are accurately reimbursed for  
8 the provision of inpatient hospital care to recipients under  
9 Medicaid, the commission shall, on request from a teaching  
10 hospital, update on a biannual basis the education adjustment  
11 factor used to calculate the medical education add-on using the  
12 most current Medicare education adjustment factor data available  
13 under 42 C.F.R. Section 412.105 at the time the commission makes the  
14 update.

15 SECTION 2. If before implementing any provision of this Act  
16 a state agency determines that a waiver or authorization from a  
17 federal agency is necessary for implementation of that provision,  
18 the agency affected by the provision shall request the waiver or  
19 authorization and may delay implementing that provision until the  
20 waiver or authorization is granted.

21 SECTION 3. This Act takes effect immediately if it receives  
22 a vote of two-thirds of all the members elected to each house, as  
23 provided by Section 39, Article III, Texas Constitution. If this  
24 Act does not receive the vote necessary for immediate effect, this  
25 Act takes effect September 1, 2021.