

By: Harrison

H.B. No. 985

A BILL TO BE ENTITLED

AN ACT

relating to hospital-owned outpatient facilities, including site-neutral reimbursement rates under Medicaid.

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

SECTION 1. Subchapter A, Chapter 311, Health and Safety Code, is amended by adding Section 311.006 to read as follows:

Sec. 311.006. ACQUISITION OF OUTPATIENT HEALTH CARE FACILITIES. (a) In this section:

(1) "Commission" means the Health and Human Services Commission.

(2) "Hospital" means a hospital licensed under Chapter 241.

(b) A hospital that acquires an outpatient health care facility shall provide written notice of the acquisition to the office of the attorney general and the commission.

SECTION 2. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0286 to read as follows:

Sec. 32.0286. SITE-NEUTRAL REIMBURSEMENT RATE FOR OUTPATIENT SERVICES. (a) In this section, "hospital-owned outpatient facility" means a department, unit, clinic, or other facility or organization that a hospital provider either creates or acquires for the purpose of furnishing outpatient services. The term includes a hospital outpatient department.

(b) Notwithstanding any other law, the commission shall

1 ensure the Medicaid reimbursement rate for outpatient services
2 provided by a hospital-owned outpatient facility is the same as the
3 reimbursement rate for outpatient services an independent,
4 physician-owned practice provides if:

5 (1) the outpatient services are not dependent on
6 technology associated with the facility; and

7 (2) evidence-based rationale does not support a
8 different reimbursement rate for a specific outpatient service.

9 SECTION 3. (a) In this section:

10 (1) "Commission" means the Health and Human Services
11 Commission.

12 (2) "Department" means the Texas Department of
13 Insurance.

14 (3) "Medicaid" means the medical assistance program
15 established under Chapter 32, Human Resources Code.

16 (b) The department, in consultation with the commission and
17 the office of the attorney general, shall conduct a study on the
18 feasibility and advisability of expanding the policy under Section
19 32.0286, Human Resources Code, as added by this Act, to commercial
20 health benefit plan issuers in this state by prohibiting the
21 issuers from providing provider-based billing rates for outpatient
22 services that are greater than the rates provided to independent,
23 physician-owned practices providing the same outpatient services.

24 (c) Not later than September 1, 2026, the department shall
25 prepare and submit to the legislature and the standing committees
26 of the legislature with primary jurisdiction over insurance and
27 Medicaid a report containing the results of the study conducted

1 under Subsection (b) of this section and any recommendations for
2 legislative or other action. The report must include an estimate of
3 any projected cost savings to health care consumers in this state
4 that would result from commercial health benefit plan issuers
5 implementing a site-neutral payment policy for outpatient
6 services.

7 SECTION 4. Not later than January 1, 2026, the executive
8 commissioner of the Health and Human Services Commission shall
9 adopt or amend rules as necessary to comply with Section 32.0286,
10 Human Resources Code, as added by this Act.

11 SECTION 5. Section 311.006, Health and Safety Code, as
12 added by this Act, applies only to a hospital's acquisition of an
13 outpatient facility on or after the effective date of this Act.

14 SECTION 6. If before implementing any provision of this Act
15 a state agency determines that a waiver or authorization from a
16 federal agency is necessary for implementation of that provision,
17 the agency affected by the provision shall request the waiver or
18 authorization and may delay implementing that provision until the
19 waiver or authorization is granted.

20 SECTION 7. This Act takes effect September 1, 2025.