

BILL ANALYSIS

C.S.H.B. 2540
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Human Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Texas cost reporting, auditing, and rate setting processes for Medicaid programs, specifically ICF/MR, HCS, and TxHmL are difficult and costly to maintain for providers and the Health and Human Services Commission (Commission). The system is complex in its current form and only fosters an adversarial relationship between providers and the commission when a partnership would be more productive.

C.S.H.B. 2540 requires the commission to establish a pilot, in certain Medicaid programs, that would contain streamlined and cost efficient processes for reporting and auditing costs while assuring accountability of funds and access to timely and sufficient information to examine future funding needs.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2540 amends Subchapter B, Chapter 531, Government Code by adding Section 531.02114 which requires that the Health and Human Services Commission (Commission) develop and implement a pilot project to simplify, streamline, and reduce costs associated with the Medicaid cost reporting and auditing process for private ICF- MR facilities and home and community-based services waiver program providers.

The substitute requires the executive commissioner, with the assistance of a work group, to adopt cost reporting and auditing processes and guidelines similar to those of a standard business. These guidelines require that the cost report forms are shorter than 20 letter-size pages; are distributed to providers at least one month prior to the reporting period; providers summarize information regarding program revenue and costs; allow providers to electronically submit cost reports; allow providers to file costs reports every other year; allow providers to request and receive information from the commission from a database or another system to facilitate the cost reporting process; and require that each provider receive a full audit by the commission's office of inspector general at least once during the pilot project.

The substitute requires that the commission establish a work group that reports to the executive commissioner. The work group is responsible for developing the cost report forms and processes, audit processes, rules for the pilot project; a plan for monitoring the pilot project's implementation; recommending improvements and expansions of the pilot project to other Medicaid programs; establishing an implementation date for the pilot project; monitoring wage levels of direct-care staff to assess value and need of minimum spending levels; submitting quarterly reports to the lieutenant governor, the speaker of the house of representatives, the senate finance committee, and the house appropriations committee regarding the status of the pilot project.

The substitute requires that the executive commissioner determine the number of members of work group and ensure that it contains members who represent ICF-MR services, waiver program services; cost report preparers, accountants, commission staff, and other interested stakeholders.

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The substitute also requires that the commission submit a report to the legislature that evaluates the operation of the pilot project and makes recommendations regarding the continuation or expansion of the pilot project by September 1, 2012. The substitute requires section 531.02114, Government Code to expire September 1, 2013.

The substitute requires that if a state agency determines that a waiver or authorization from a federal agency is necessary before the implementation of any provision of the Act, the agency affected by the provision is required to request the waiver or authorization needed. The substitute authorizes the delayed implementation of that provision until the waiver or authorization is granted.

EFFECTIVE DATE

This act takes effect September 1, 2007

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds the phrase "reduce costs associated with the Medicaid" to line 3 and lines of the substitute are subsequently renumbered by the adding of this phrase.

The substitute differs from the original in where the original describes the pilot project throughout the bill as "a pilot project to streamline and expedite the cost reporting and auditing process for certain providers," the substitute reads "a pilot project to simplify, streamline, and reduce costs associated with the Medicaid cost reporting and auditing process for certain providers."

The substitute adds new language in where the original defines "provider" throughout the bill as "a private ICF-MR facility or community-base services provider," the substitute defines "provider" as "a private ICF-MR facility or home and community-based services waiver program provider."

The substitute modifies the original by removing (b) 1-5 in SECTION 1.

The substitute differs from the original in that where (c) in SECTION 1 of the original stated that "the commission shall collaborate with providers and licensed accounting firms to develop the pilot project," the substitute now grants rulemaking authority to the executive commissioner of the Health and Human Services Commission (Commission). The substitute changes and adds 1-6 to SECTION 1 (c) which requires the executive commissioner, with the assistance of a work group, to adopt cost reporting and auditing processes and guidelines similar to those of a standard business. These guidelines require that the cost report forms are shorter than 20 letter-size pages; are distributed to providers at least one month prior to the reporting period; providers summarize information regarding program revenue and costs; allow providers to electronically submit cost reports; allow providers to file costs reports every other year; allow providers to request and receive information from the commission from a database or another system to facilitate the cost reporting process; and requires each provider receive a full audit by the commission's office of inspector general at least once during the pilot project.

The substitute differs from the original in that where (d) in SECTION 1 of the original stated that "the executive commissioner may revise rules regarding the reimbursement of private ICF-MR facilities and community-based services providers as necessary to implement the pilot project," the substitute adds 1-5 to SECTION 1 (d) which require that the commission establish a work group that reports to the executive commissioner. The work group is responsible for developing the cost report forms and processes, audit processes, rules for the pilot project; a plan for monitoring the pilot project's implementation; recommending improvements and expansions of the pilot project to other Medicaid programs; establish an implementation date for the pilot project; monitoring wage levels of direct-care staff to assess value and need of minimum spending levels; submitting quarterly reports to the lieutenant governor, the speaker of the house of representatives, the senate finance committee, and the house appropriations committee regarding the status of the pilot project.

The substitute differs from the original in that where (e) in SECTION 1 of the original stated that "not later than September 1, 2008, the commission shall submit a report to the legislature that: (1) evaluates the operation of the pilot project; and (2) makes recommendations regarding the continuation or expansion of the pilot project," the substitute changes and adds 1-5 to SECTION 1 (e) and requires that the executive commissioner determine the number of members of the work group and ensure that it contains members who represent ICF-MR services, waiver program services; cost report prepares, accountants, commission staff, and other interested stakeholders.

The substitute differs from the original in that (f) in SECTION 1 of the original stated that "this section expires September 1, 2009," the substitute changes and adds 1 and 2 to (f) which revises SECTION 1 (e) of the original and requires that the commission submit a report to the legislature that evaluates the operation of the pilot project; and makes recommendations regarding the continuation or expansion of the pilot project no later than September 1, 2012.

The substitute adds (g) to SECTION 1 which modifies SECTION 1 (f) of the original by changing the date that this section expires from September 1, 2009 to September 1, 2013.

SECTION 2 of the original required that the Health and Human Services Commission implement the pilot project implemented under Section 531.02114, Government Code as soon as practicable after the effective date of the Act. The substitute modifies SECTION 2 and now requires that if a state agency determines that a waiver or authorization from a federal agency is necessary before the implementation of any provision of the Act, the agency affected by the provision request the waiver or authorization needed. The substitute authorizes the delayed implementation of that provision until the waiver or authorization is granted.