

AN ACT

relating to implementing a pilot project to simplify, streamline, and reduce costs associated with the Medicaid cost reporting and auditing process for certain providers.

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

SECTION 1. Subchapter B, Chapter 531, Government Code, is amended by adding Section 531.02114 to read as follows:

Sec. 531.02114. PILOT PROJECT TO SIMPLIFY, STREAMLINE, AND REDUCE COSTS ASSOCIATED WITH MEDICAID COST REPORTING AND AUDITING PROCESS FOR CERTAIN PROVIDERS. (a) In this section:

(1) "Pilot project" means the pilot project to simplify, streamline, and reduce costs associated with the Medicaid cost reporting and auditing process for providers implemented by the commission under this section.

(2) "Provider" means a private ICF-MR facility or home and community-based services waiver program provider.

(b) The commission shall 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.

(c) The executive commissioner by rule shall, with the assistance of the work group established under Subsection (d), adopt cost reporting and auditing processes and guidelines similar

1 to standard business financial reporting processes and guidelines.

2 The rules must:

3 (1) require that cost report forms:

4 (A) not exceed 20 letter-size pages in length,
5 including any appendices; and

6 (B) be distributed to providers at least one
7 month before the beginning of the applicable reporting period;

8 (2) require that a provider summarize information
9 regarding program revenue, administrative costs, central office
10 costs, facility costs, and direct-care costs, including the hourly
11 wage detail of direct-care staff;

12 (3) allow a provider to electronically submit cost
13 reports;

14 (4) require the filing of cost reports in alternating
15 years as follows:

16 (A) in even-numbered years, private ICF-MR
17 facility providers; and

18 (B) in odd-numbered years, home and
19 community-based services waiver program providers;

20 (5) allow a provider to request and receive from the
21 commission information, including reports, relating to the
22 services provided by the provider that is maintained by the
23 commission in a database or under another program or system to
24 facilitate the cost reporting process; and

25 (6) require that each provider receive a full audit by
26 the commission's office of inspector general at least once during
27 the period the pilot project is in operation.

1 (d) In developing the pilot project, the commission shall
2 establish a work group that reports to the executive commissioner
3 and is responsible for:

4 (1) developing and proposing cost report forms and
5 processes, audit processes, and rules necessary to implement the
6 pilot project;

7 (2) developing:

8 (A) a plan for monitoring the pilot project's
9 implementation; and

10 (B) recommendations for improving and expanding
11 the pilot project to other Medicaid programs;

12 (3) establishing an implementation date for the pilot
13 project that allows the commission to have sufficient information
14 related to the pilot project for purposes of preparing the
15 commission's legislative appropriations request for the state
16 fiscal biennium beginning September 1, 2009;

17 (4) monitoring wage levels of the direct-care staff of
18 providers to assess the value and need for minimum spending levels;
19 and

20 (5) submitting a quarterly report to the lieutenant
21 governor, the speaker of the house of representatives, the senate
22 finance committee, and the house appropriations committee
23 regarding the status of the pilot project.

24 (e) The executive commissioner shall determine the number
25 of members of the work group described by Subsection (d). The
26 executive commissioner shall ensure that the work group includes
27 members who represent:

1 (1) public and private providers of ICF-MR services
2 and home and community-based waiver program services;

3 (2) experienced cost report preparers who have
4 received cost report training from the commission;

5 (3) accounting firms licensed under Chapter 901,
6 Occupations Code, that are familiar with the provision of program
7 services described by Subdivision (1);

8 (4) commission staff; and

9 (5) other interested stakeholders, as determined by
10 the executive commissioner.

11 (f) Not later than September 1, 2012, the commission shall
12 submit a report to the legislature that:

13 (1) evaluates the operation of the pilot project; and

14 (2) makes recommendations regarding the continuation
15 or expansion of the pilot project.

16 (g) This section expires September 1, 2013.

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

23 SECTION 3. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 2540 was passed by the House on May 11, 2007, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2540 was passed by the Senate on May 23, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor