

1-1 By: Isett (Senate Sponsor - Nelson) H.B. No. 2540  
1-2 (In the Senate - Received from the House May 14, 2007;  
1-3 May 15, 2007, read first time and referred to Committee on Health  
1-4 and Human Services; May 18, 2007, reported favorably by the  
1-5 following vote: Yeas 7, Nays 0; May 18, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to implementing a pilot project to simplify, streamline,  
1-9 and reduce costs associated with the Medicaid cost reporting and  
1-10 auditing process for certain providers.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter B, Chapter 531, Government Code, is  
1-13 amended by adding Section 531.02114 to read as follows:

1-14 Sec. 531.02114. PILOT PROJECT TO SIMPLIFY, STREAMLINE, AND  
1-15 REDUCE COSTS ASSOCIATED WITH MEDICAID COST REPORTING AND AUDITING  
1-16 PROCESS FOR CERTAIN PROVIDERS. (a) In this section:

1-17 (1) "Pilot project" means the pilot project to  
1-18 simplify, streamline, and reduce costs associated with the Medicaid  
1-19 cost reporting and auditing process for providers implemented by  
1-20 the commission under this section.

1-21 (2) "Provider" means a private ICF-MR facility or home  
1-22 and community-based services waiver program provider.

1-23 (b) The commission shall develop and implement a pilot  
1-24 project to simplify, streamline, and reduce costs associated with  
1-25 the Medicaid cost reporting and auditing process for private ICF-MR  
1-26 facilities and home and community-based services waiver program  
1-27 providers.

1-28 (c) The executive commissioner by rule shall, with the  
1-29 assistance of the work group established under Subsection (d),  
1-30 adopt cost reporting and auditing processes and guidelines similar  
1-31 to standard business financial reporting processes and guidelines.  
1-32 The rules must:

1-33 (1) require that cost report forms:

1-34 (A) not exceed 20 letter-size pages in length,  
1-35 including any appendices; and

1-36 (B) be distributed to providers at least one  
1-37 month before the beginning of the applicable reporting period;

1-38 (2) require that a provider summarize information  
1-39 regarding program revenue, administrative costs, central office  
1-40 costs, facility costs, and direct-care costs, including the hourly  
1-41 wage detail of direct-care staff;

1-42 (3) allow a provider to electronically submit cost  
1-43 reports;

1-44 (4) require the filing of cost reports in alternating  
1-45 years as follows:

1-46 (A) in even-numbered years, private ICF-MR  
1-47 facility providers; and

1-48 (B) in odd-numbered years, home and  
1-49 community-based services waiver program providers;

1-50 (5) allow a provider to request and receive from the  
1-51 commission information, including reports, relating to the  
1-52 services provided by the provider that is maintained by the  
1-53 commission in a database or under another program or system to  
1-54 facilitate the cost reporting process; and

1-55 (6) require that each provider receive a full audit by  
1-56 the commission's office of inspector general at least once during  
1-57 the period the pilot project is in operation.

1-58 (d) In developing the pilot project, the commission shall  
1-59 establish a work group that reports to the executive commissioner  
1-60 and is responsible for:

1-61 (1) developing and proposing cost report forms and  
1-62 processes, audit processes, and rules necessary to implement the  
1-63 pilot project;

1-64 (2) developing:

2-1 (A) a plan for monitoring the pilot project's  
2-2 implementation; and

2-3 (B) recommendations for improving and expanding  
2-4 the pilot project to other Medicaid programs;

2-5 (3) establishing an implementation date for the pilot  
2-6 project that allows the commission to have sufficient information  
2-7 related to the pilot project for purposes of preparing the  
2-8 commission's legislative appropriations request for the state  
2-9 fiscal biennium beginning September 1, 2009;

2-10 (4) monitoring wage levels of the direct-care staff of  
2-11 providers to assess the value and need for minimum spending levels;  
2-12 and

2-13 (5) submitting a quarterly report to the lieutenant  
2-14 governor, the speaker of the house of representatives, the senate  
2-15 finance committee, and the house appropriations committee  
2-16 regarding the status of the pilot project.

2-17 (e) The executive commissioner shall determine the number  
2-18 of members of the work group described by Subsection (d). The  
2-19 executive commissioner shall ensure that the work group includes  
2-20 members who represent:

2-21 (1) public and private providers of ICF-MR services  
2-22 and home and community-based waiver program services;

2-23 (2) experienced cost report preparers who have  
2-24 received cost report training from the commission;

2-25 (3) accounting firms licensed under Chapter 901,  
2-26 Occupations Code, that are familiar with the provision of program  
2-27 services described by Subdivision (1);

2-28 (4) commission staff; and

2-29 (5) other interested stakeholders, as determined by  
2-30 the executive commissioner.

2-31 (f) Not later than September 1, 2012, the commission shall  
2-32 submit a report to the legislature that:

2-33 (1) evaluates the operation of the pilot project; and

2-34 (2) makes recommendations regarding the continuation  
2-35 or expansion of the pilot project.

2-36 (g) This section expires September 1, 2013.

2-37 SECTION 2. If before implementing any provision of this Act  
2-38 a state agency determines that a waiver or authorization from a  
2-39 federal agency is necessary for implementation of that provision,  
2-40 the agency affected by the provision shall request the waiver or  
2-41 authorization and may delay implementing that provision until the  
2-42 waiver or authorization is granted.

2-43 SECTION 3. This Act takes effect September 1, 2007.

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