

BILL ANALYSIS

Senate Research Center
81R29526 JSC-D

C.S.S.B. 8
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Health & Human Services
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Health Services Authority is a 501(c)3 nonprofit, public-private collaborative created to improve patient safety and quality of care by developing health information technology policies and infrastructure for the state health care system.

This legislation requires the Texas Health Services Authority to develop a statewide plan recommending improvements to the health care delivery system by ensuring health care providers have the tools they need to follow best practices. Specifically, the Texas Health Services Authority would develop and disseminate information about best practices and quality of care, develop recommendations to reduce administrative costs, study alternative payment methodologies that will reimburse health care providers based on quality rather than quantity, study payment incentives to increase access to primary care, and study payment incentives related to hospital and inpatient payments.

C.S.S.B. 8 relates to the administration, powers, and duties of the Texas Health Services Authority.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 182.001, Health and Safety Code, as follows:

Sec. 182.001. PURPOSE. Provides that this chapter establishes the Texas Health Services Authority as a public-private collaborative to make recommendations to improve the quality of health care funded by both public and private payors and to increase accountability and transparency. Makes nonsubstantive changes.

SECTION 2. Amends Section 182.002, Health and Safety Code, by amending Subdivision (5), and adding Subdivisions (1-a), (3-a), (3-b), and (3-c), as follows:

(1-a) Defines "clinical integration."

(3-a) Defines "global payments."

(3-b) Defines "health care facility."

(3-c) Defines "health care practitioner."

(5) Defines "payor," rather than "physician."

SECTION 3. Amends Section 182.051(a), Health and Safety Code, to provide that the Texas Health Services Authority (corporation) is established to research, develop, support, and promote recommended strategies, including strategies based on standards created by nationally recognized organizations, to improve the quality of health care in this state and to increase accountability and transparency through voluntary implementation of the recommendations by health care practitioners, health care facilities, and payors, including recommendations for

evidence-based best practice standards for health care facilities and health care practitioners, performance measures for health care practitioners, improved payment methodologies for payors, and streamlined administrative processes, including standardized claims.

SECTION 4. Amends Subchapter B, Chapter 182, Health and Safety Code, by adding Section 182.0515, as follows:

Sec. 182.0515. ADMINISTRATIVE ATTACHMENT. (a) Provides that the corporation is administratively attached to the Health and Human Services Commission (HHSC).

(b) Requires HHSC, notwithstanding any other law, to perform certain duties in relation to the corporation.

(c) Provides that if the board of directors of the corporation (board) hires a chief executive officer under Section 182.059, the chief executive officer and any staff hired under that section are employees of the corporation and not employees of HHSC.

SECTION 5. Amends Sections 182.053(a), (b), and (c), Health and Safety Code, as follows:

(a) Provides that the corporation is governed by a board of 15, rather than 11, directors and sets forth the manner in which directors are appointed.

(b) Sets forth certain ex officio, nonvoting members who also serve on the board. Deletes existing text requiring the governor to appoint at least two ex officio, nonvoting members representing the Department of State Health Services.

(c) Requires the governor and lieutenant governor to appoint as voting board members individuals who represent consumers, clinical laboratories, health benefit plans, hospitals, regional health information exchange initiatives, pharmacies, physicians, or rural health providers, or who possess expertise in any other area the governor or lieutenant governor finds necessary for the successful operation of the corporation.

SECTION 6. Amends Section 182.054, Health and Safety Code, as follows:

Sec. 182.054. TERMS OF OFFICE. Provides that appointed members of the board serve two-year terms and are authorized to continue to serve until a successor has been appointed by the appropriate appointing authority, rather than the governor.

SECTION 7. Amends Section 182.058, Health and Safety Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Authorizes the board to meet as often as necessary, but requires the board to meet at least once each calendar quarter, rather than at least twice a year.

(c) Provides that board meetings are open to the public.

(d) Requires the board to provide notice of the meeting in accordance with Chapter 551 (Open Meetings), Government Code.

SECTION 8. Amends Section 182.059, Health and Safety Code, as follows:

Sec. 182.059. CHIEF EXECUTIVE OFFICER; MEDICAL ADVISOR; PERSONNEL. (a) Creates this subsection from existing text.

(b) Requires the board to employ or contract with a medical advisor, who is required to be a physician licensed to practice medicine in this state.

(c) Creates this subsection from existing text.

SECTION 9. Amends Subchapter B, Chapter 182, Health and Safety Code, by adding Section 182.0595, as follows:

Sec. 182.0595. **ADVISORY COMMITTEES.** (a) Requires the board to establish an advisory committee on technology and an advisory committee on evidence-based best practices and quality of care to assist the board in performing its functions under this chapter.

(b) Authorizes the board to establish additional advisory committees that the board considers necessary to assist the board in performing its functions under this chapter.

(c) Requires the board to appoint to the advisory committees established under this section persons who have significant expertise in the relevant areas, with at least one member of each committee having practical experience in the relevant area and represent both the private and public sectors and groups likely to be affected by the implementation of the recommendations of the corporation.

(d) Provides that members of the advisory committees serve without compensation but are entitled to reimbursement for the members' travel expenses as provided by Chapter 660 (Travel Expenses), Government Code, and the General Appropriations Act.

(e) Provides that Chapter 2110 (State Agency Advisory Committees), Government Code, does not apply to the size, composition, or duration, of the advisory committees.

(f) Provides that meetings of the advisory committees under this section are subject to Chapter 551, Government Code.

SECTION 10. Amends Section 182.101, Health and Safety Code, as follows:

Sec. 182.101. **NEW HEADING: GENERAL POWERS AND DUTIES.** (a) Creates this subsection from existing text. Deletes existing text authorizing the corporation to identify standards for streamlining health care administrative functions across payors and providers, including electronic patient registration, communication of enrollment in health plans, and information at the point of care regarding services covered by health plans. Makes a nonsubstantive change.

(b) Requires the corporation to research, develop, support, and promote:

(1) evidence-based best practice standards for health care practitioners and health care facilities;

(2) strategies to require or encourage adherence to evidence-based best practice standards, including providing health care practitioners and health care facilities with the support tools and information necessary to promote adherence to evidence-based best practices standards;

(3) performance measures that are authorized to be used to evaluate the quality of care that a patient receives from a health care practitioner or at a health care facility;

(4) standards for reporting the results of performance measures under Subdivision (3), comparing health care practitioners and health care facilities based on the performance measures, and sharing this information among health care practitioners, health care facilities, and payors;

(5) recommendations for disseminating the results of the performance measures under Subdivision (3) to the public;

(6) standards for technology to collect information to measure medical outcomes, quality of care, and adherence to evidence-based best practice standards;

(7) strategies for use of existing resources that are available for the exchange of health care information;

(8) strategies for use by the state to facilitate the exchange of health care information, the interoperability of different information storage and transmission systems, and the standardization of health care information in the system;

(9) recommendations to encourage clinical integration and collaboration of health care practitioners to control costs and improve quality;

(10) alternative payment methodologies for payors of health care practitioners and health care facilities that improve efficiency and promote a higher quality of patient care and the use of evidence-based best practices, including bundling payments for episodes of care and using global payments to health care practitioners and health care facilities, replacing payment methodologies that are based on number of patients seen or procedures performed, and promoting the use of new payment methodologies by both public and private payors;

(11) standards for streamlining health care administrative functions across payors, health care practitioners, and health care facilities, including electronic patient registration, communication of enrollment in health plans, and information at the point of care regarding services covered by health plans; and

(12) recommendations for streamlining health care administrative functions, including communicating point of care services, including laboratory results, diagnostic imaging, and prescription histories; communicating patient identification and emergency room required information in conformity with state and federal privacy laws; real-time communication at the point of service of enrollee status in relation to health plan coverage, including enrollee cost-sharing responsibilities; and current census and status of health plan contracted health care practitioners and health care facilities.

(c) Requires the board, in performing the board's duties under Subsection (b), to examine existing standards, guidelines, strategies, and methodologies created by nationally recognized organizations; and existing standards, guidelines, strategies, and methodologies used in the federal Medicare program.

(d) Requires the board to develop recommendations on achieving maximum participation of health care practitioners, health care facilities, and payors in using the standards, guidelines, strategies, and methodologies developed under Subsection (b).

SECTION 11. Amends Subchapter C, Chapter 182, Health and Safety Code, by adding Section 182.1015, as follows:

Sec. 182.1015. STUDIES ON PAYMENT METHODOLOGIES. (a) Requires the corporation to conduct a study or contract for a study to be conducted to develop payment incentives to increase access to primary care. Requires that the study evaluate proposals for changes to payment methodologies for implementation by multiple public and private payors and are required to consider payment methodologies that reward primary health care practitioners for patient retention; encourage primary health care practitioners to spend an appropriate amount of time with each patient; reward primary health care practitioners for monitoring patients, including reminders to obtain follow-up care;

provide incentives for having 24-hour availability of a primary health care practitioner in the practice and taking other action to reduce unnecessary emergency room visits; and improve access to primary care.

(b) Requires the corporation to conduct a study or contract for a study to be conducted to develop payment methodologies based on risk-adjusted episodes of care, including global payments, that create incentives for higher quality of services and reduce unnecessary services. Requires that the study:

(1) evaluate payment methodologies that align incentives for health care practitioners and health care facilities, bundle payments based on episodes of care or provide global payments to address variation on cost while providing incentives for higher quality care; allow for the adjustment of costs based on the risk factors of the patient, including age; and may be adopted by private and public payors; and

(2) identify high-cost, frequently performed procedures for which the cost would be most affected by a change in payment methodologies.

(c) Requires that the studies under Subsections (a) and (b) examine payment methodologies created by nationally recognized organizations; payment methodologies that promote evidence-based best practices; and payment methodologies used by the federal Medicare system, including methodologies designed to increase provision of primary care services; and include recommendations on achieving maximum participation of health care practitioners, health care facilities, and payors in using the payment methodologies evaluated under those studies.

(d) Requires the corporation to submit to the legislature not later than January 1, 2011, a summary of the results of the studies conducted under this section, and legislative recommendations regarding the studies' findings, including methods to require or encourage as many payors as possible to use the payment methodologies recommended by the studies.

(e) Provides that this section expires September 1, 2011.

SECTION 12. Repealer: Section 182.102(a) (relating to certain actions for which the corporation has no authority and from which the corporation is prohibited from engaging in), Health and Safety Code.

SECTION 13. (a) Provides that the term of a voting member of the board of directors of the Texas Health Services Authority serving immediately before the effective date of this Act expires on that date.

(b) Requires the governor and lieutenant governor to appoint voting members of the board of directors under Section 182.053(a), Health and Safety Code, as amended by this Act, as soon as possible after the effective date of this Act. Authorizes a person who is a voting member of the board of directors immediately before the effective date of this act to be reappointed to the board.

SECTION 14. Effective date: September 1, 2009.