

By: Nelson, Shapleigh

S.B. No. 8

A BILL TO BE ENTITLED

AN ACT

relating to the administration, powers, and duties of the Texas Health Services Authority.

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

SECTION 1. Section 182.001, Health and Safety Code, is amended to read as follows:

Sec. 182.001. PURPOSE. This chapter establishes the Texas Health Services Authority as a public-private collaborative to:

(1) implement the state-level health information technology functions identified by the Texas Health Information Technology Advisory Committee by serving as a catalyst for the development of a seamless electronic health information infrastructure to support the health care system in the state and to improve patient safety and quality of care; and

(2) make recommendations to improve the quality of health care funded by both public and private payors and to increase accountability and transparency.

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

(1-a) "Clinical integration" means a network of health care practitioners implementing an active and ongoing program to evaluate and modify practice patterns by the network's participants and create a high degree of interdependence and cooperation to

1 control costs and ensure quality and operating in accordance with
2 the antitrust laws of the United States and this state.

3 (3-a) "Global payments" means compensation paid to a
4 health care practitioner or a health care facility for providing or
5 arranging a defined set of covered health care services to
6 participating persons for a specific period. The amount of
7 compensation is based on a predetermined payment for each person
8 for that period regardless of the specific services actually
9 provided to persons in that period.

10 (3-b) "Health care facility" means a hospital,
11 emergency clinic, outpatient clinic, birthing center, ambulatory
12 surgical center, or other facility providing health care services.

13 (3-c) "Health care practitioner" means an individual
14 who is licensed or otherwise authorized to provide health care
15 services in this state.

16 (5) "Payor" ["Physician"] means:

17 (A) an insurer that writes health insurance
18 policies [~~individual licensed to practice medicine in this state~~
19 ~~under the authority of Subtitle B, Title 3, Occupations Code];~~

20 (B) a preferred provider organization, health
21 maintenance organization, or self-insurance plan [~~professional~~
22 ~~entity organized in conformity with Title 7, Business Organizations~~
23 ~~Code, and permitted to practice medicine under Subtitle B, Title 3,~~
24 ~~Occupations Code]; or~~

25 (C) any other person that provides, offers to
26 provide, or administers hospital, outpatient, medical, or other
27 health benefits to a person treated by a health care practitioner

1 under a policy, plan, or contract [~~a partnership organized in~~
2 ~~conformity with Title 4, Business Organizations Code, composed~~
3 ~~entirely of individuals licensed to practice medicine under~~
4 ~~Subtitle B, Title 3, Occupations Code,~~

5 [~~(D) an approved nonprofit health corporation~~
6 ~~certified under Chapter 162, Occupations Code,~~

7 [~~(E) a medical school or medical and dental unit,~~
8 ~~as defined or described by Section 61.003, 61.501, or 74.601,~~
9 ~~Education Code, that employs or contracts with physicians to teach~~
10 ~~or provide medical services or employs physicians and contracts~~
11 ~~with physicians in a practice plan; or~~

12 [~~(F) an entity wholly owned by individuals~~
13 ~~licensed to practice medicine under Subtitle B, Title 3,~~
14 ~~Occupations Code].~~

15 SECTION 3. Subsection (a), Section 182.051, Health and
16 Safety Code, is amended to read as follows:

17 (a) The corporation is established to:

18 (1) promote, implement, and facilitate the voluntary
19 and secure electronic exchange of health information[+] and

20 [~~(2)~~] create incentives to promote, implement, and
21 facilitate the voluntary and secure electronic exchange of health
22 information; and

23 (2) research, develop, support, and promote
24 recommended strategies, including strategies based on standards
25 created by nationally recognized organizations, to improve the
26 quality of health care in this state and to increase accountability
27 and transparency through voluntary implementation of the

1 recommendations by health care practitioners, health care
2 facilities, and payors, including recommendations for:

3 (A) evidence-based best practice standards for
4 health care facilities and health care practitioners;

5 (B) performance measures for health care
6 practitioners;

7 (C) improved payment methodologies for payors;
8 and

9 (D) streamlined administrative processes,
10 including standardized claims.

11 SECTION 4. Subchapter B, Chapter 182, Health and Safety
12 Code, is amended by adding Section 182.0515 to read as follows:

13 Sec. 182.0515. ADMINISTRATIVE ATTACHMENT. (a) The
14 corporation is administratively attached to the Health and Human
15 Services Commission.

16 (b) Notwithstanding any other law, the Health and Human
17 Services Commission shall:

18 (1) provide administrative assistance, services, and
19 materials to the corporation, including budget planning and
20 purchasing;

21 (2) accept, deposit, and disburse money made available
22 to the corporation;

23 (3) accept gifts and grants on behalf of the
24 corporation from any public or private entity;

25 (4) pay the salaries and benefits of the staff of the
26 corporation;

27 (5) reimburse expenses of the members of the board

1 incurred in the performance of official duties;

2 (6) apply for and receive on behalf of the corporation
3 any appropriations, gifts, or other money from the state or federal
4 government or any other public or private entity, subject to
5 limitations and conditions prescribed by legislative
6 appropriation;

7 (7) provide the corporation with adequate computer
8 equipment and support; and

9 (8) provide the corporation with adequate office
10 space.

11 (c) If the board hires a chief executive officer under
12 Section 182.059, the chief executive officer and any staff hired
13 under that section are employees of the corporation and not
14 employees of the Health and Human Services Commission.

15 SECTION 5. Subsections (a), (b), and (c), Section 182.053,
16 Health and Safety Code, are amended to read as follows:

17 (a) The corporation is governed by a board of 15 [~~14~~]
18 directors appointed as follows:

19 (1) five members appointed by the governor;

20 (2) five members appointed by the governor from a list
21 of candidates prepared by the speaker of the house of
22 representatives; and

23 (3) five members appointed by the lieutenant
24 governor [~~, with the advice and consent of the senate~~].

25 (b) The following [~~governor shall also appoint at least two~~]
26 ex officio, nonvoting members also serve on the board:

27 (1) the commissioner of [~~representing~~] the Department

1 of State Health Services;

2 (2) the executive commissioner of the Health and Human
3 Services Commission;

4 (3) the commissioner of insurance;

5 (4) the executive director of the Employees Retirement
6 System of Texas;

7 (5) the executive director of the Teacher Retirement
8 System of Texas; and

9 (6) the state Medicaid director of the Health and
10 Human Services Commission.

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

18 SECTION 6. Section 182.054, Health and Safety Code, is
19 amended to read as follows:

20 Sec. 182.054. TERMS OF OFFICE. Appointed members of the
21 board serve two-year terms and may continue to serve until a
22 successor has been appointed by the appropriate appointing
23 authority [~~governor~~].

24 SECTION 7. Section 182.058, Health and Safety Code, is
25 amended by amending Subsection (a) and adding Subsections (c) and
26 (d) to read as follows:

27 (a) The board may meet as often as necessary, but shall meet

1 at least once each calendar quarter [~~twice a year~~].

2 (c) Board meetings are open to the public.

3 (d) The board shall provide notice of the meeting in
4 accordance with Chapter 551, Government Code.

5 SECTION 8. Section 182.059, Health and Safety Code, is
6 amended to read as follows:

7 Sec. 182.059. CHIEF EXECUTIVE OFFICER; MEDICAL ADVISOR;
8 PERSONNEL. (a) The board may hire a chief executive officer.
9 Under the direction of the board, the chief executive officer shall
10 perform the duties required by this chapter or designated by the
11 board.

12 (b) The board shall employ or contract with a medical
13 advisor, who must be a physician licensed to practice medicine in
14 this state.

15 (c) The chief executive officer may hire additional staff to
16 carry out the responsibilities of the corporation.

17 SECTION 9. Subchapter B, Chapter 182, Health and Safety
18 Code, is amended by adding Section 182.0595 to read as follows:

19 Sec. 182.0595. ADVISORY COMMITTEES. (a) The board shall
20 establish the following advisory committees to assist the board in
21 performing its functions under this chapter:

22 (1) an advisory committee on technology; and

23 (2) an advisory committee on evidence-based best
24 practices and quality of care.

25 (b) The board may establish additional advisory committees
26 that the board considers necessary to assist the board in
27 performing its functions under this chapter.

1 (c) The board shall appoint to the advisory committees
2 established under this section persons who:

3 (1) have significant expertise in the relevant areas,
4 with at least one member of each committee having practical
5 experience in the relevant area; and

6 (2) represent both the private and public sectors and
7 groups likely to be affected by the implementation of the
8 recommendations of the corporation.

9 (d) Members of the advisory committees serve without
10 compensation but are entitled to reimbursement for the members'
11 travel expenses as provided by Chapter 660, Government Code, and
12 the General Appropriations Act.

13 (e) Chapter 2110, Government Code, does not apply to the
14 size, composition, or duration of the advisory committees.

15 (f) Meetings of the advisory committees under this section
16 are subject to Chapter 551, Government Code.

17 SECTION 10. Section 182.101, Health and Safety Code, is
18 amended to read as follows:

19 Sec. 182.101. GENERAL POWERS AND DUTIES. (a) The
20 corporation may:

21 (1) establish statewide health information exchange
22 capabilities, including capabilities for electronic laboratory
23 results, diagnostic studies, and medication history delivery, and,
24 where applicable, promote definitions and standards for electronic
25 interactions statewide;

26 (2) seek funding to:

27 (A) implement, promote, and facilitate the

1 voluntary exchange of secure electronic health information between
2 and among individuals and entities that are providing or paying for
3 health care services or procedures; and

4 (B) create incentives to implement, promote, and
5 facilitate the voluntary exchange of secure electronic health
6 information between and among individuals and entities that are
7 providing or paying for health care services or procedures;

8 (3) establish statewide health information exchange
9 capabilities for streamlining health care administrative functions
10 including:

11 (A) communicating point of care services,
12 including laboratory results, diagnostic imaging, and prescription
13 histories;

14 (B) communicating patient identification and
15 emergency room required information in conformity with state and
16 federal privacy laws;

17 (C) real-time communication of enrollee status
18 in relation to health plan coverage, including enrollee
19 cost-sharing responsibilities; and

20 (D) current census and status of health plan
21 contracted providers;

22 (4) support regional health information exchange
23 initiatives by:

24 (A) identifying data and messaging standards for
25 health information exchange;

26 (B) administering programs providing financial
27 incentives, including grants and loans for the creation and support

1 of regional health information networks, subject to available
2 funds;

3 (C) providing technical expertise where
4 appropriate;

5 (D) sharing intellectual property developed
6 under Section 182.105;

7 (E) waiving the corporation's fees associated
8 with intellectual property, data, expertise, and other services or
9 materials provided to regional health information exchanges
10 operated on a nonprofit basis; and

11 (F) applying operational and technical standards
12 developed by the corporation to existing health information
13 exchanges only on a voluntary basis, except for standards related
14 to ensuring effective privacy and security of individually
15 identifiable health information; and

16 (5) ~~[identify standards for streamlining health care
17 administrative functions across payors and providers, including
18 electronic patient registration, communication of enrollment in
19 health plans, and information at the point of care regarding
20 services covered by health plans; and~~

21 ~~[(6)]~~ support the secure, electronic exchange of
22 health information through other strategies identified by the
23 board.

24 (b) The corporation shall research, develop, support, and
25 promote:

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

- 1 (2) strategies to require or encourage adherence to
2 evidence-based best practice standards, including providing health
3 care practitioners and health care facilities with the support
4 tools and information necessary to promote adherence to
5 evidence-based best practice standards;
- 6 (3) performance measures that may be used to evaluate
7 the quality of care that a patient receives from a health care
8 practitioner or at a health care facility;
- 9 (4) standards for reporting the results of performance
10 measures under Subdivision (3), comparing health care
11 practitioners and health care facilities based on the performance
12 measures, and sharing this information among health care
13 practitioners, health care facilities, and payors;
- 14 (5) recommendations for disseminating the results of
15 the performance measures under Subdivision (3) to the public;
- 16 (6) standards for technology to collect information to
17 measure medical outcomes, quality of care, and adherence to
18 evidence-based best practice standards;
- 19 (7) strategies for use of existing resources that are
20 available for the exchange of health care information;
- 21 (8) strategies for use by the state to facilitate the
22 exchange of health care information, the interoperability of
23 different information storage and transmission systems, and the
24 standardization of health care information in the system;
- 25 (9) recommendations to encourage clinical integration
26 and collaboration of health care practitioners to control costs and
27 improve quality;

1 (10) alternative payment methodologies for payors of
2 health care practitioners and health care facilities that improve
3 efficiency and promote a higher quality of patient care and the use
4 of evidence-based best practices, including:

5 (A) bundling payments for episodes of care and
6 using global payments to health care practitioners and health care
7 facilities;

8 (B) replacing payment methodologies that are
9 based on number of patients seen or procedures performed; and

10 (C) promoting the use of new payment
11 methodologies by both public and private payors;

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

18 (12) recommendations for streamlining health care
19 administrative functions, including:

20 (A) communicating point of care services,
21 including laboratory results, diagnostic imaging, and prescription
22 histories;

23 (B) communicating patient identification and
24 emergency room required information in conformity with state and
25 federal privacy laws;

26 (C) real-time communication at the point of
27 service of enrollee status in relation to health plan coverage,

1 including enrollee cost-sharing responsibilities; and

2 (D) a current census and the status of health
3 plan contracted health care practitioners and health care
4 facilities.

5 (c) In performing the board's duties under Subsection (b),
6 the board shall examine:

7 (1) existing standards, guidelines, strategies, and
8 methodologies created by nationally recognized organizations; and

9 (2) existing standards, guidelines, strategies, and
10 methodologies used in the federal Medicare program.

11 (d) The board shall develop recommendations on achieving
12 maximum participation of health care practitioners, health care
13 facilities, and payors in using the standards, guidelines,
14 strategies, and methodologies developed under Subsection (b).

15 SECTION 11. Subchapter C, Chapter 182, Health and Safety
16 Code, is amended by adding Section 182.1015 to read as follows:

17 Sec. 182.1015. STUDIES ON PAYMENT METHODOLOGIES. (a) The
18 corporation shall conduct a study or contract for a study to be
19 conducted to develop payment incentives to increase access to
20 primary care. The study must evaluate proposals for changes to
21 payment methodologies for implementation by multiple public and
22 private payors and must consider payment methodologies that:

23 (1) reward primary health care practitioners for
24 patient retention;

25 (2) encourage primary health care practitioners to
26 spend an appropriate amount of time with each patient;

27 (3) reward primary health care practitioners for

1 monitoring patients, including reminders to obtain follow-up care;
2 (4) provide incentives for having 24-hour
3 availability of a primary health care practitioner in the practice
4 and taking other action to reduce unnecessary emergency room
5 visits; and

6 (5) improve access to primary care.

7 (b) The corporation shall conduct a study or contract for a
8 study to be conducted to develop payment methodologies based on
9 risk-adjusted episodes of care, including global payments, that
10 create incentives for a higher quality of services and reduce
11 unnecessary services. The study must:

12 (1) evaluate payment methodologies that:

13 (A) align incentives for health care
14 practitioners and health care facilities;

15 (B) bundle payments based on episodes of care or
16 provide global payments to address variation in cost while
17 providing incentives for higher-quality care;

18 (C) allow for the adjustment of costs based on
19 the risk factors of the patient, including age; and

20 (D) may be adopted by private and public payors;

21 and

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

25 (c) The studies under Subsections (a) and (b) must:

26 (1) examine:

27 (A) payment methodologies created by nationally

1 recognized organizations;

2 (B) payment methodologies that promote
3 evidence-based best practices; and

4 (C) payment methodologies used by the federal
5 Medicare system, including methodologies designed to increase
6 provision of primary care services; and

7 (2) include recommendations on achieving maximum
8 participation of health care practitioners, health care
9 facilities, and payors in using the payment methodologies evaluated
10 under those studies.

11 (d) The corporation shall submit to the legislature not
12 later than January 1, 2011:

13 (1) a summary of the results of the studies conducted
14 under this section; and

15 (2) legislative recommendations regarding the
16 studies' findings, including methods to require or encourage as
17 many payors as possible to use the payment methodologies
18 recommended by the studies.

19 (e) This section expires September 1, 2011.

20 SECTION 12. Subsection (a), Section 182.102, Health and
21 Safety Code, is repealed.

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

26 (b) The governor and lieutenant governor shall appoint
27 voting members of the board of directors of the Texas Health

1 Services Authority under Subsection (a), Section 182.053, Health
2 and Safety Code, as amended by this Act, as soon as possible after
3 the effective date of this Act. A person who is a voting member of
4 the board of directors immediately before the effective date of
5 this Act may be reappointed to the board.

6 SECTION 14. This Act takes effect September 1, 2009.