

BILL ANALYSIS

S.B. 80
By: Nelson
Public Health
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas's three public health laboratories, operated by the Department of State Health Services (DSHS) in Austin, San Antonio, and Harlingen, process newborn screening tests, medical tests, women's clinical tests, sexually transmitted disease screening, public health tests, and water tests. In September 2010 the state auditor's office issued a report that addressed problems with and made recommendations relating to the billing, revenue collections, financial recordkeeping, and information security practices at the department's public health laboratories. S.B. 80 seeks to implement the state auditor's office recommendations by establishing requirements relating to public health laboratories administered by DSHS.

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

S.B. 80 establishes the legislature's intent that the Department of State Health Services (DSHS) adopt and implement the recommendations developed by the state auditor's office and described in the report "An Audit Report on the Department of State Health Services' Public Health Laboratories" dated September 2010. The bill requires DSHS to engage in the following actions with regard to public health laboratories administered by the department:

- resume billing for tests conducted at the South Texas Laboratory;
- review and address, as appropriate, unbilled activity at the South Texas Laboratory;
- establish and implement a process to review and bill for tests at the South Texas Laboratory that have not yet been billed;
- establish and implement a process to ensure that Medicaid-eligible services are billed within the required time;
- pursue obtaining provider status through the United States Centers for Medicaid and Medicare Services to become a Medicare provider;
- perform and document periodic reconciliations between the department's billing application and laboratories' information applications to ensure that billings are complete and correct;
- follow up on and correct all errors identified during the reconciliations between the department's billing application and laboratories' information applications;
- ensure that all laboratory testing records are properly recorded and retained in a system with proper security controls, supervisory reviews, and backup procedures;
- develop, document, and implement procedures for setting fees for laboratory services, including updating and implementing a documented cost allocation methodology that determines reasonable costs for specific types of tests;

- retain all documentation related to fee setting, including the setting of fees for new tests and any modifications to existing test fees;
- use a documented methodology to set fees for laboratory services;
- analyze the department's costs and update the fee schedule as needed in accordance with a provision of law prohibiting the amount of a fee charged for a public health service from exceeding the cost to DSHS of providing the service;
- report uncollected accounts receivable balances for laboratories at the end of each fiscal year, as required by the comptroller of public accounts;
- develop and implement policies and procedures for disposing of uncollectable accounts receivable and writing off accounts receivable considered uncollectable in compliance with the requirements of the office of the attorney general;
- develop and implement policies and procedures for informing laboratory test payors of delinquent accounts;
- develop and implement policies and procedures for tracking submitter billing statement disputes;
- continue the implementation of the process to address submitter billing disputes, including use of the separate form for submitters to use when submitting claims for the Texas Health Steps program;
- develop and implement a comprehensive inventory tracking process for laboratories, including documented policies and procedures that include regular inventory counts and reconciliations of inventory;
- ensure that laboratories are able to quantify the amount of inventory on hand;
- report the amounts of inventory on hand in laboratories at the end of each fiscal year in the department's annual financial report;
- establish a timeline for completing for laboratories a continuity of operations plan that includes agreements to outsource critical operations as needed during an emergency;
- develop and implement procedures to ensure that laboratories establish a plan to protect specimens submitted for testing, testing supplies, and laboratory equipment in the event of an emergency;
- develop and implement a process to ensure regular inspections of laboratories' hazardous materials storage buildings;
- develop and implement a process to track access to laboratories' inventory storage buildings;
- enhance controls over access to laboratories' information management applications;
- develop and implement a process to ensure that the policies and procedures for information technology in place at DSHS, including change management and acceptable use policies, are communicated and incorporated in the operations of laboratories;
- develop and implement a process to ensure that installation of software is properly authorized and reviewed before installation, in accordance with the department's information technology security policy;
- conduct a review of information technology user access security to ensure that user access is appropriate and is based on each user's job roles and responsibilities;
- develop and implement a process to monitor and update user access to the department's information technology applications to ensure that access is appropriate and granted only to current employees;
- review password controls over laboratory information management applications to ensure

that appropriate password policies have been established on the network and on each laboratory application; and

- develop and perform reconciliation procedures, including a record total count, to ensure that records are complete and accurate prior to the transfer of data to the billing application.

S.B. 80 authorizes the executive commissioner of the Health and Human Services Commission to adopt rules as necessary to implement the bill's provisions. The bill requires DSHS, not later than September 1, 2012, to submit a report to the governor, the lieutenant governor, the speaker of the house of representatives, and the legislature on the department's progress under the bill's provisions. The bill establishes that the bill's provisions expire August 31, 2013. The bill defines "department" and "laboratory."

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.