

1-1 By: Nelson S.B. No. 80
1-2 (In the Senate - Filed November 8, 2010; January 31, 2011,
1-3 read first time and referred to Committee on Health and Human
1-4 Services; March 14, 2011, reported favorably by the following
1-5 vote: Yeas 9, Nays 0; March 14, 2011, sent to printer.)

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

1-8 relating to public health laboratories administered by the
1-9 Department of State Health Services.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. (a) In this section:

1-12 (1) "Department" means the Department of State Health
1-13 Services.

1-14 (2) "Laboratory" means a public health laboratory
1-15 administered by the department.

1-16 (b) It is the intent of the legislature that the department
1-17 adopt and implement the recommendations developed by the state
1-18 auditor's office and described in the report "An Audit Report on the
1-19 Department of State Health Services' Public Health Laboratories"
1-20 dated September 2010.

1-21 (c) The department shall:

1-22 (1) resume billing for tests conducted at the South
1-23 Texas Laboratory;

1-24 (2) review and address, as appropriate, unbilled
1-25 activity at the South Texas Laboratory;

1-26 (3) establish and implement a process to review and
1-27 bill for tests at the South Texas Laboratory that have not yet been
1-28 billed;

1-29 (4) establish and implement a process to ensure that
1-30 Medicaid-eligible services are billed within the required time;

1-31 (5) pursue obtaining provider status through the
1-32 United States Centers for Medicaid and Medicare Services to become
1-33 a Medicare provider;

1-34 (6) perform and document periodic reconciliations
1-35 between the department's billing application and laboratories'
1-36 information applications to ensure that billings are complete and
1-37 correct;

1-38 (7) follow up on and correct all errors identified
1-39 during the reconciliations described by Subdivision (6) of this
1-40 subsection;

1-41 (8) ensure that all laboratory testing records are
1-42 properly recorded and retained in a system with proper security
1-43 controls, supervisory reviews, and backup procedures;

1-44 (9) develop, document, and implement procedures for
1-45 setting fees for laboratory services, including updating and
1-46 implementing a documented cost allocation methodology that
1-47 determines reasonable costs for specific types of tests;

1-48 (10) retain all documentation related to fee setting,
1-49 including the setting of fees for new tests and any modifications to
1-50 existing test fees;

1-51 (11) use a documented methodology to set fees for
1-52 laboratory services;

1-53 (12) analyze the department's costs and update the fee
1-54 schedule as needed in accordance with Subsection (c), Section
1-55 12.032, Health and Safety Code;

1-56 (13) report uncollected accounts receivable balances
1-57 for laboratories at the end of each fiscal year, as required by the
1-58 comptroller of public accounts;

1-59 (14) develop and implement policies and procedures for
1-60 disposing of uncollectable accounts receivable and writing off
1-61 accounts receivable considered uncollectable in compliance with
1-62 the requirements of the office of the attorney general;

1-63 (15) develop and implement policies and procedures for
1-64 informing laboratory test payors of delinquent accounts;

2-1 (16) develop and implement policies and procedures for
2-2 tracking submitter billing statement disputes;
2-3 (17) continue the implementation of the process to
2-4 address submitter billing disputes, including use of the separate
2-5 form for submitters to use when submitting claims for the Texas
2-6 Health Steps program;
2-7 (18) develop and implement a comprehensive inventory
2-8 tracking process for laboratories, including documented policies
2-9 and procedures that include regular inventory counts and
2-10 reconciliations of inventory;
2-11 (19) ensure that laboratories are able to quantify the
2-12 amount of inventory on hand;
2-13 (20) report the amounts of inventory on hand in
2-14 laboratories at the end of each fiscal year in the department's
2-15 annual financial report;
2-16 (21) establish a timeline for completing for
2-17 laboratories a continuity of operations plan that includes
2-18 agreements to outsource critical operations as needed during an
2-19 emergency;
2-20 (22) develop and implement procedures to ensure that
2-21 laboratories establish a plan to protect specimens submitted for
2-22 testing, testing supplies, and laboratory equipment in the event of
2-23 an emergency;
2-24 (23) develop and implement a process to ensure regular
2-25 inspections of laboratories' hazardous materials storage
2-26 buildings;
2-27 (24) develop and implement a process to track access
2-28 to laboratories' inventory storage buildings;
2-29 (25) enhance controls over access to laboratories'
2-30 information management applications;
2-31 (26) develop and implement a process to ensure that
2-32 the policies and procedures for information technology in place at
2-33 the department, including change management and acceptable use
2-34 policies, are communicated and incorporated in the operations of
2-35 laboratories;
2-36 (27) develop and implement a process to ensure that
2-37 installation of software is properly authorized and reviewed before
2-38 installation, in accordance with the department's information
2-39 technology security policy;
2-40 (28) conduct a review of information technology user
2-41 access security to ensure that user access is appropriate and is
2-42 based on each user's job roles and responsibilities;
2-43 (29) develop and implement a process to monitor and
2-44 update user access to the department's information technology
2-45 applications to ensure that access is appropriate and granted only
2-46 to current employees;
2-47 (30) review password controls over laboratory
2-48 information management applications to ensure that appropriate
2-49 password policies have been established on the network and on each
2-50 laboratory application; and
2-51 (31) develop and perform reconciliation procedures,
2-52 including a record total count, to ensure that records are complete
2-53 and accurate prior to the transfer of data to the billing
2-54 application.
2-55 (d) The executive commissioner of the Health and Human
2-56 Services Commission may adopt rules as necessary to implement this
2-57 section.
2-58 (e) The department shall submit a report to the governor,
2-59 the lieutenant governor, the speaker of the house of
2-60 representatives, and the legislature on the department's progress
2-61 under this section not later than September 1, 2012.
2-62 (f) This section expires August 31, 2013.
2-63 SECTION 2. This Act takes effect immediately if it receives
2-64 a vote of two-thirds of all the members elected to each house, as
2-65 provided by Section 39, Article III, Texas Constitution. If this
2-66 Act does not receive the vote necessary for immediate effect, this
2-67 Act takes effect September 1, 2011.

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