

BILL ANALYSIS

H.B. 3452
By: Eiland
Human Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Medicaid program provides medical coverage and health care services for certain Texas residents who meet the program's eligibility requirements. Program beneficiaries include children, pregnant women, disabled adults, and seniors, and the program relies on various health care professionals throughout the state to provide services under the program. According to interested parties, federal law requires that all states ensure that payments made to providers under the program are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are adequately available under the program. These parties assert that certain due process measures, similar to those established under the Texas Workers' Compensation Act, are necessary to allow providers to dispute certain Medicaid reimbursement rates and to help ensure adequate provider participation in the program.

The parties note that such measures would not dictate reimbursement rates and would be patterned after a Texas court case in which the courts held that the state had a clear, ministerial duty to provide a health care provider in the Medicaid managed care program with a hearing at the State Office of Administrative Hearings on claims about the provider's contract. H.B. 3452 seeks to establish a review process for certain reimbursement disputes under the Medicaid program.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3452 amends the Government Code to establish that a provider has the right to a contested case hearing to dispute the amount of a reimbursement rate paid to the provider under the fee-for-service Medicaid program or by a managed care organization under the managed care Medicaid program if the provider maintains that the rate is below the rate necessary to recover the provider's reasonable operating expenses and to realize a reasonable return on the provider's investments that is sufficient to ensure confidence in the provider's continued financial integrity.

H.B. 3452 requires such a contested case hearing to be conducted by a hearing officer in the manner provided for contested case hearings under the Administrative Procedure Act and requires parties to such a contested case hearing to include the Health and Human Services Commission and, in a dispute involving a payment made by a managed care organization, the managed care organization. The bill establishes that exhaustion of contractual remedies with a managed care organization or its agent is not a prerequisite to a contested case hearing under the bill's provisions and establishes that, in the absence of a timely appeal for judicial review, the decision of a hearing officer is final. The bill establishes that judicial review of a decision or order of a hearing officer is governed by the Administrative Procedure Act, except that the party seeking judicial review must file suit not later than the 45th day after the date notice of the decision made by the hearing officer was mailed.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.