

## **BILL ANALYSIS**

S.B. 1401  
By: Carona  
Public Health  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties report that, while most laboratory tests provided for Texas Medicaid patients are performed at in-state facilities, a limited number of specialized tests are performed at laboratories outside of Texas because the small number of these tests that are performed makes it cost-prohibitive and inefficient to maintain the necessary laboratory facilities in every state.

It has been reported that the Health and Human Services Commission (HHSC) recently published new rules that, while they do not prohibit the use of out-of-state laboratories, they do encourage the use of in-state laboratories whenever possible for convenience and economic development purposes. The rules also provided guidelines for when out-of-state providers would be eligible for enrollment in HHSC programs.

Interested individuals assert that changes are needed in state law because some out-of-state providers are denied reimbursement when they are providing medically necessary services to Texans. These parties contend that certain services need to be considered as provided by an in-state provider, regardless of where they are performed.

S.B. 1401 seeks to address these issues by amending current law relating to the eligibility of certain providers of laboratory services to participate in programs administered by health and human services agencies or the HHSC.

### **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**

S.B. 1401 amends the Government Code to authorize a diagnostic laboratory to participate as an in-state provider under any program administered by a health and human services agency or the Health and Human Services Commission (HHSC) that involves diagnostic laboratory services, regardless of the location where any specific service is performed or where the laboratory's facilities are located if the following conditions are met: the laboratory or an entity that is a parent, subsidiary, or other affiliate of the laboratory maintains diagnostic laboratory operations in Texas; the laboratory and each entity that is a parent, subsidiary, or other affiliate of the laboratory, individually or collectively, employ at least 1,000 persons at places of employment located in Texas; and the laboratory is otherwise qualified to provide the services under the program and is not prohibited from participating as a provider under any benefits programs administered by a health and human services agency or HHSC based on conduct that constitutes fraud, waste, or abuse.

### **EFFECTIVE DATE**

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