

BILL ANALYSIS

Senate Research Center

S.B. 1401
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Health & Human Services
4/18/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

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 the state. Due to the small number of these tests that are performed, as well as the capital investment needed to sustain these laboratories, placing a laboratory in every state is cost-prohibitive and inefficient.

In October of 2010, the Health and Human Services Commission (HHSC) published new rules related to the eligibility of out-of-state laboratories providing diagnostic services that were ostensibly designed to encourage the use of in-state laboratories whenever possible in the interest of convenience and economic development. The rule did not prohibit the use of out-of-state laboratories, but provided guidelines for when out-of-state providers would be eligible for enrollment in HHSC programs. However, this issue could use clarification in law, as some out-of-state providers are denied reimbursement when they are providing medically necessary services to Texans.

S.B. 1401 prevents erroneous application of rules relating to diagnostic laboratory services and provides that these services, regardless of where they are performed, will be considered to be provided by an in-state provider if the parent company maintains lab operations within the state and employs at least 1,000 persons. S.B. 1401 does not otherwise affect the eligibility of out-of-state providers.

As proposed, S.B. 1401 amends current law relating to the eligibility of certain providers of laboratory services for health and human services programs.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 531, Government Code, by adding Section 531.0058, as follows:

Sec. 531.0058. DIAGNOSTIC LABORATORY SERVICES. Requires any provider of diagnostic laboratory services, regardless of where specific laboratory services are performed, or where a laboratory is physically located, to be eligible to participate in all health and human services programs as an in-state provider if the provider, or its parent, subsidiary or affiliated company or companies, individually or in the aggregate, maintain diagnostic laboratory operations and employ at least 1,000 persons within Texas.

(b) Provides that this section does not impair the Health and Human Services Commission's authority to refuse enrollment of a provider on the grounds that the provider is otherwise unqualified for enrollment.

SECTION 2. Effective date: upon passage or September 1, 2013.