

## **BILL ANALYSIS**

Senate Research Center  
85R11254 JCG-F

S.B. 1462  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

During the 83rd and 84th legislative sessions, the Texas Legislature overwhelmingly passed legislation that granted 11 counties and the City of Beaumont the flexibility to create local provider participation funds (LPPFs). Though the legislation did not mandate the creation of LPPFs, all 12 local governments exercised the option to create an LPPF. As result of the LPPFs, the private hospitals in these communities received millions of additional dollars in Medicaid payments; dollars that otherwise would have gone elsewhere. S.B. 1462 increases flexibility and further strengthens the LPPFs through the following:

#### Notice of Hearing

Each year, the 11 counties and the City of Beaumont hold a public hearing on the amounts of any mandatory payments to be collected during the year and how the revenue derived from those payments is to be spent. S.B. 1462 amends the notice of hearing requirement to require that notice of the annual hearing be provided not later than the fifth day before the date of the hearing. Requiring five days' notice rather than 10 days' notice provides the local governments greater flexibility in scheduling annual hearings while maintaining the openness and transparency contemplated under the original legislation.

#### Authorized Uses of Money

Section 353.1305, Administrative Code, establishes the Uniform Hospital Rate Increase Program (UHRIP), under which the Texas Health and Human Services Commission (HHSC) may direct managed care organizations (MCOs) in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. To ensure that eligible hospitals benefit from the recent implementation of UHRIP, S.B.1462 amends the LPPFs' authorized use of funds to provide that the LPPF may also be used to fund intergovernmental transfers to the state to provide payments to Medicaid MCOs that are dedicated for payment to hospitals.

#### Assessment and Collection of Mandatory Payments

S.B. 1462 amends the existing LPPF assessment and collection process to provide that the county, funding district, or city may collect or contract for the assessment and collection of mandatory payments. Providing the local governmental entity, rather than a tax collector, with the authority to assess and collect the mandatory payments is intended to provide greater flexibility for the county, funding district, or city. S.B. 1462 does not prohibit a county from continuing to use the county tax collector, but provides the county with the flexibility to implement an assessment and collection process best suited to the LPPF.

As proposed, S.B. 1462 amends current law relating to local health care provider participation programs in certain counties and municipalities.

### **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 Section 288.151(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing to not later than the fifth day before the hearing the date by which the commission of a district created by Chapter 288 (Health Care Funding Districts in Certain Counties Located on Texas-Mexico Border), Health and Safety Code (commission), is required to publish a certain notice.

SECTION 2. Amends Section 288.155(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid managed care organizations (MCOs) that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the district determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments. Makes nonsubstantive changes.

SECTION 3. Amends Section 288.202, Health and Safety Code, as follows:

Sec. 288.202. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county health care funding district created under Chapter 288, Health and Safety Code (district), to collect or contract for the assessment and collection of mandatory payments required under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION. 4. Amends Section 291.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 5. Amends Section 291.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only to fund certain intergovernmental transfers from the county to the state, including to refund to paying hospitals the proportionate share of money that the county determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 6. Amends Section 291.152, Health and Safety Code, as follows:

Sec. 291.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION 7. Amends Section 292.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 8. Amends Section 292.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the county determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 9. Amends Section 292.152, Health and Safety Code, as follows:

Sec. 292.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION 10. Amends Section 293.001(1), Health and Safety Code, to redefine "institutional health care provider."

SECTION 11. Amends Section 293.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 12. Amends Section 293.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the county determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 13. Amends Section 293.152, Health and Safety Code, as follows:

Sec. 293.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION 14. Amends Section 294.001(1), Health and Safety Code, to redefine "institutional health care provider."

SECTION 15. Amends Section 294.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 16. Amends Section 294.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the district determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 17. Amends Section 294.152, Health and Safety Code, as follows:

Sec. 294.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section.

SECTION 18. Amends Section 295.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the

hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 19. Amends Section 295.103(c), Health and Safety Code, to authorize money deposited to the local provider participation to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the governing body of the municipality determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 20. Amends Section 295.152, Health and Safety Code, as follows:

Sec. 295.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the municipality to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the municipal general fund by the municipal tax assessor-collector.

SECTION 21. Amends Section 296.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 22. Amends Section 296.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the county determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 23. Amends Section 294.152, Health and Safety Code, as follows:

Sec. 296.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION 24. Amends Section 297.001(1), Health and Safety Code, to redefine "institutional health care provider."

SECTION 25. Amends Section 297.101(b), Health and Safety Code, to decrease from not later than the 10th day before the date of a hearing required under Subsection (a) (relating to a public hearing on the amounts of certain mandatory payments) to not later than the fifth day before the hearing required under Subsection (a) the date by which the commissioners court of the county is required to publish certain notice.

SECTION 26. Amends Section 297.103(c), Health and Safety Code, to authorize money deposited to the local provider participation fund to be used only for certain purposes, including: to fund intergovernmental transfers from the district to the state for certain provisions, including payments to Medicaid MCOs that are dedicated for payment to hospitals; and to refund to paying hospitals the proportionate share of money that the county determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments.

SECTION 27. Amends Section 297.152, Health and Safety Code, as follows:

Sec. 296.172. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. Authorizes the county to collect or contract for the assessment and collection of mandatory payments authorized under this chapter. Deletes existing text of this section relating to collecting a payment, deducting a collection fee from the payment, contracting for the assessment and collection of the payment, and depositing the payment in the county general fund by the county tax assessor-collector.

SECTION 28. Effective date: upon passage or September 1, 2017.