Amend **CSHB 1576** (house committee report) as follows:

(1) Add the following appropriately numbered SECTIONS to the bill and renumber subsequent SECTIONS of the bill accordingly:

SECTION ____. Section 773.003, Health and Safety Code, is amended by adding Subdivision (5) to read as follows:

(5) "Commission" means the Health and Human Services Commission.

SECTION ____. Chapter 773, Health and Safety Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. TEXAS AMBULANCE RESPONSE SAFETY NET PROGRAM

Sec. 773.301. PURPOSE. The purpose of this subchapter is to authorize the commission to establish and administer the Texas ambulance response safety net program as a self-funded ground ambulance service provider participation program for ground ambulance service providers in accordance with this subchapter.

Sec. 773.302. DEFINITIONS. In this subchapter:

(1) "Average commercial rate" means the average amount payable by commercial payors for the same service. The rate is calculated by:

(A) aligning the paid Medicaid claims with the Medicare fees for each Healthcare Common Procedure Coding System code or Current Procedural Terminology code for a ground ambulance service provider;

(B) calculating the Medicare payment for the claims described in Paragraph (A);

(C) calculating a commercial-to-Medicare conversion factor for each ground ambulance service provider by dividing the total amount of the average commercial payments for the claims by the total Medicare payments for the claims; and

(D) recalculating at least once every three years the commercial-to-Medicare ratio for ground ambulance service providers.

(2) "Net patient revenue" means a ground ambulance service provider's estimated net realizable revenue from patients, third-party payors, and other entities for ground ambulance services rendered, including estimated retroactive adjustments required by reimbursement agreements with third-party payors. The

term does not include:

(A) the amounts the provider reduces for payors who have a fee schedule established by federal or state statute or a contractual agreement;

(B) Medicaid payments received by the provider, including any payments for individuals who are dually eligible for Medicaid and Medicare;

(C) amounts the provider reduces to zero as an uncollectible payment from any payor that are not contractual allowances, provided that the provider attempted to collect the payment; or

(D) amounts related to ground ambulance services that are waived or forgiven by a paying entity due to the financial hardship of the patient, provided that the waiver or forgiveness is implemented in accordance with a written policy of the entity that is consistent with national standards adopted by the Healthcare Financial Management Association or a similar organization.

Sec. 773.303. APPLICABILITY. (a) This subchapter applies only to a ground ambulance service provider that is:

(1) an emergency medical services provider as defined by Section 773.003 and licensed under this chapter;

(2) a nonpublic, nonfederal provider of ground ambulance services; and

(3) a participant in the state Medicaid program.

(b) This subchapter does not apply to:

(1) an entity that provides only nonemergency ground ambulance services;

(2) a state or local governmental entity that provides ground ambulance services; or

(3) an entity that is required to hold a license under Section 773.045(b).

(c) The executive commissioner may not modify the applicability of this subchapter in an effort to comply with the requirements of 42 C.F.R. Section 433.68.

Sec. 773.304. MANDATORY PAYMENTS BASED ON NET PATIENT REVENUE. (a) Except as otherwise provided by this subchapter, the commission shall require an annual mandatory payment to be assessed

on each ground ambulance service provider's net patient revenue related to the provision of emergency ground ambulance services. The mandatory payment is to be collected quarterly. The commission shall update the amount of the mandatory payment at least annually.

(b) The commission shall uniformly and consistently impose the mandatory payment on each ground ambulance service provider and use the same formula for each provider in calculating the mandatory payment.

(c) The total amount of all mandatory payments for the state fiscal year in which the mandatory payments are imposed may not exceed:

(1) the state portion, excluding any federal financial participation, of the cost of reimbursement enhancements provided in this subchapter that are directly attributable to reimbursements to ground ambulance service providers; or

(2) an amount equal to six percent of the net operating revenue of all ground ambulance service providers for the provision of emergency ground ambulance services, or an amount otherwise permitted by federal law, provided that the maximum mandatory payment for a provider in any year may not exceed the provider's net patient revenue, as reported by the provider, subject to Section 773.306(b).

(d) Subject to the maximum amount prescribed by Subsection (c), the commission shall set the mandatory payment in an amount that in the aggregate generates sufficient revenue to cover the administrative expenses of the commission for activities under this subchapter.

(e) Not later than the 30th day before the end of each quarter, the commission shall issue to each ground ambulance service provider a notice of the amount of the mandatory payment required to be paid by the provider in the next quarter.

(f) A ground ambulance service provider may not add a mandatory payment required under this subchapter as a surcharge to a patient or a third-party payor.

(g) A ground ambulance service provider shall make mandatory payments only in the manner provided by this subchapter.

Sec. 773.305. ASSESSMENT AND COLLECTION OF MANDATORY

PAYMENTS. (a) Subject to Subsection (b), the commission shall collect a mandatory payment required under this subchapter.

(b) The commission may contract for the assessment and collection of mandatory payments under this subchapter.

Sec. 773.306. REPORT; INSPECTION OF RECORDS. (a) The commission shall require a ground ambulance service provider to submit a report at least annually, but not more than quarterly, that includes information necessary to assist the commission in making a determination on mandatory payments under this subchapter.

(b) The executive commissioner may audit or inspect the records of a ground ambulance service provider to the extent necessary to ensure the accuracy of any data submitted to the commission under this subchapter.

Sec. 773.307. FAILURE TO SUBMIT TIMELY OR ACCURATE REPORT OR PAYMENT; AUDIT; ADMINISTRATIVE PENALTY. (a) The commission may assess a reasonable penalty against a ground ambulance service provider, not to exceed 15 percent of the quarterly portion of the provider's mandatory payment, for failure to timely submit the quarterly portion of a mandatory payment or a report required under this subchapter.

(b) If a ground ambulance service provider submits an inaccurate report required under this subchapter, the commission may conduct an audit of the provider's records and may require the provider to pay the cost of any audit expenses and related hearings.

(c) A penalty assessed under this section is in addition to any other penalties and remedies applicable under state or federal law.

(d) If a ground ambulance service provider refuses to submit a quarterly portion of a mandatory payment, the commission may suspend all Medicaid payments to the provider until:

(1) the provider submits the quarterly portion of the mandatory payment and any associated penalties; or

(2) the provider and the commission reach a negotiated settlement.

Sec. 773.308. TEXAS AMBULANCE RESPONSE SAFETY NET TRUST FUND. (a) The Texas ambulance response safety net trust fund is established as a trust fund to be held by the comptroller outside

the state treasury and administered by the commission as trustee.

(b) The trust fund consists of:

(1) all revenue from the mandatory payments required by this subchapter, including any administrative penalties and any interest attributable to delinquent payments; and

(2) the earnings of the fund.

(c) Money deposited to the trust fund may be used only to:

(1) provide reimbursements for ground ambulance services delivered to Medicaid recipients under a fee-for-service arrangement by a ground ambulance service provider to which this subchapter applies based on the provider's average commercial rate, including reimbursement enhancements to the statewide dollar amount rate used to reimburse ground ambulance service providers;

(2) pay the administrative expenses of the commission solely for activities under this subchapter; and

(3) refund a portion of a mandatory payment collected in error from a provider.

(d) All revenue from the mandatory payments required by this subchapter must be deposited in the trust fund.

(e) Money in the trust fund may not be used to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

Sec. 773.309. INVALIDITY; FEDERAL FUNDS. The commission shall stop collection of the mandatory payment and, not later than the 30th day after the date collection is stopped, return to each ground ambulance service provider, in proportion to the total amount paid by each provider compared to the total amount paid by all providers, any unspent money deposited to the credit of the trust fund, if:

(1) any provision of or procedure under this subchapter is held invalid by a final court order that is not subject to appeal;

(2) the commission determines that the imposition of the mandatory payment and the expenditure of amounts collected as prescribed by this subchapter will not entitle the state to receive federal matching funds under the Medicaid program or will be

inconsistent with the objectives described by Section 537.002(b)(7), Government Code; or

(3) the commission determines that the amount of the mandatory payments collected would exceed the amount paid in increased Medicaid fee-for-service reimbursement rates for services provided to individuals who are dually eligible for Medicaid and Medicare.

Sec. 773.310. RULES. The executive commissioner shall adopt rules necessary to implement this subchapter.

SECTION _____. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.080 to read as follows:

Sec. 32.080. ENHANCED PAYMENT MODEL FOR CERTAIN AMBULANCE PROVIDERS. (a) The executive commissioner, in consultation with ambulance providers, by rule shall establish an enhanced payment model for reimbursing non-state operated public ambulance providers who provide ground emergency medical transportation services to recipients of medical assistance. The enhanced payment model must be implemented under the Medicaid fee-for-service delivery model through supplemental payments and the Medicaid managed care delivery model through an enhanced reimbursement or payment rate.

(b) The commission may not use general revenue to reimburse non-state operated public ambulance providers under or administer the enhanced payment model.

(c) Reimbursements made under the enhanced payment model must be:

(1) in addition to money appropriated to the commission for reimbursing non-state operated public ambulance providers; and

(2) provided in a manner that maximizes the availability of federal money.

(d) Under the enhanced payment model, the commission may:

(1) receive and spend money from an intergovernmental transfer on:

(A) reimbursing non-state operated public ambulance providers; and

(B) covering the cost of establishing and

administering the enhanced payment model; and

(2) as necessary, certify that reimbursements made under the enhanced payment model are public funds eligible for federal financial participation in accordance with the requirements of 42 C.F.R. Section 433.51.

SECTION ____. As soon as practicable after the effective date of this Act, the executive commissioner of the Health and Human Services Commission shall establish the amount of the initial mandatory payment imposed under Subchapter J, Chapter 773, Health and Safety Code, as added by this Act, based on available net patient revenue information.

SECTION ____. If before implementing any provision of this Act a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision shall request the waiver or authorization and:

(1) for a provision of Subchapter J, Chapter 773, Health and Safety Code, as added by this Act, shall delay implementing that provision, including the collection of a mandatory payment, until the waiver or authorization is granted and begin implementing the provision on the date the waiver or authorization is granted; and

(2) for any other provision, may delay implementing the provision until the waiver or authorization is granted.

(2) Strike SECTION 8 of the bill (page 12, lines 6-11) and renumber subsequent SECTIONS of the bill accordingly.