BILL ANALYSIS

C.S.H.B. 3649
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County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that certain hospital districts across Texas are using health care provider participation programs to generate local revenue to draw down federal dollars and that as a result hospitals in these communities have received millions of additional dollars in Medicaid payments, dollars that otherwise would have gone elsewhere. C.S.H.B. 3649 seeks to provide for such a program for certain other hospital districts, such as the Travis County Hospital District.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 3649 amends the Health and Safety Code to provide for a health care provider participation program for a hospital district created in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003. The bill authorizes the board of hospital managers of an applicable hospital district to authorize the district to participate in a program on the affirmative vote of a majority of the board. The bill authorizes a board to require a mandatory payment by an institutional health care provider located in the district under the program, authorizes a board to adopt rules relating to the administration of a program, provides for certain institutional health care provider reporting, and defines, among other terms, "institutional health care provider" as a hospital that is not owned and operated by a federal, state, or local government and provides inpatient hospital services. The bill sets out its purpose and sets a district's authority to administer and operate a program, and sets the bill's provisions, to expire December 31, 2023.

C.S.H.B. 3649 provides for an annual public hearing on the amounts of any mandatory payments that a board intends to require during the year and how the revenue derived from those payments is to be spent. The bill provides for the designation of one or more banks as a depository for a district's local provider participation fund and provides for the creation, composition, and use of the fund.

C.S.H.B. 3649 provides for the amount, assessment, and collection of a mandatory payment. The bill authorizes a board to provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services to the extent any provision or procedure under the bill's provisions causes a mandatory payment to be ineligible for federal matching funds, sets out provisions relating to such rules, and conditions a district's

assessment and collection of a mandatory payment on an applicable waiver program, uniform rate enhancement, or reimbursement being available to the district.

C.S.H.B. 3649 requires the board of hospital managers of a hospital district, as soon as practicable after the expiration of the district's authority to administer and operate a health care provider participation program under the bill's provisions, to transfer to each institutional health care provider in the district that provider's proportionate share of any remaining funds in any local provider participation fund created by the district.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3649 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute, with respect to the bill's purpose of authorizing a district to establish a program to enable the district to collect mandatory payments from institutional health care providers to fund the nonfederal share of a Medicaid supplemental payment program or the Medicaid managed care rate enhancements for hospitals to support the provision of health care by institutional health care providers located in the district to district residents in need of health care, does not include the specification that such hospitals are nonpublic hospitals. The substitute redefines "institutional health care provider" from a nonpublic hospital that provides inpatient hospital services to a hospital that is not owned and operated by a federal, state, or local government and provides inpatient hospital services.

The substitute includes provisions setting a district's authority to administer and operate a program, and setting the bill's provisions, to expire December 31, 2023. The substitute includes a provision requiring the board of hospital managers of a district, as soon as practicable after the expiration of the district's authority to administer and operate a health care provider participation program under the bill's provisions, to transfer to each institutional health care provider in the district that provider's proportionate share of any remaining funds in any local provider participation fund created by the district.

The substitute, with respect to the use of money deposited to the local provider participation fund of a district for the funding of intergovernmental transfers from the district to the state to provide the nonfederal share of Medicaid payments for applicable uncompensated care payments to certain recipients, changes the recipients from nonpublic hospitals affiliated with the district to hospitals in the Medicaid managed care service area in which the district is located and makes a related change. The substitute changes the determination of the net patient revenue of an institutional health care provider for purposes of the assessment of a mandatory payment in the first year in which the mandatory payment is required.