

## **BILL ANALYSIS**

C.S.H.B. 3679  
By: Frank  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been noted that every year health care providers around Texas incur uncompensated costs providing care to Medicaid and uninsured patients and that these providers rely heavily on supplemental and enhanced Medicaid payments to offset some of those costs. Concerns have been raised that there may be modifications to the mechanisms by which the nonfederal share of these supplemental and enhanced payments are generated and that these modifications could put funding at risk for certain health care providers, such as those in Wichita County. C.S.H.B. 3679 seeks to provide for the creation of certain health care provider participation programs as an option for certain counties to provide greater security in accessing supplemental funding and ensure continued access to health care.

### **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. 3679 amends the Health and Safety Code to provide for a county health care provider participation program in a county that has a population of more than 125,000, borders Oklahoma, and contains a hospital district that is not countywide. The bill establishes its purpose as generating revenue by collecting from institutional health care providers a mandatory payment to be used to provide the nonfederal share of a Medicaid supplemental payment program.

C.S.H.B. 3679 establishes that such a program authorizes a county to collect a mandatory payment from each institutional health care provider located in the county to be deposited in a local provider participation fund established by the county. Money in the fund may be used by the county to fund certain intergovernmental transfers as provided by the bill. The bill authorizes the commissioners court to adopt an order authorizing a county to participate in the program, subject to certain limitations. The bill defines, among other terms, "institutional health care provider" as a nonpublic hospital that provides inpatient hospital services and that is not located within the boundaries of a hospital district. A county's authority to administer and operate a program expires December 31, 2023.

C.S.H.B. 3679 sets out the powers and duties of a commissioners court with respect to the county health care provider participation program. The bill provides for an annual public hearing on the amounts of any mandatory payments that the commissioners court intends to require during the year and requires the commissioners court, not later than the fifth day before the date of such a hearing, to publish notice of the hearing in a newspaper of general circulation in the

county. The bill provides for the designation of one or more local banks as the depository for mandatory payments and for the creation, composition, and use of a county's local provider participation fund.

C.S.H.B. 3679 provides for the amount, assessment, and collection of a mandatory payment. The bill establishes that interest, penalties, and discounts on mandatory payments are governed by the law applicable to county property taxes. The bill authorizes a county 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.

C.S.H.B. 3679 requires the commissioners court of a county, as soon as practicable after the expiration of the county's authority to administer and operate a health care provider participation program under the bill's provisions, to transfer to the institutional health care providers in the county a proportionate share of any remaining funds in any local provider participation fund created by the county.

### **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. 3679 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 does not include the requirement that the commissioners court of a county obtain the written consent of each institutional health care provider located in the county stating the provider's intent to participate in a county health care provider participation program before the commissioners court may adopt an order authorizing the county to participate in the program. The substitute does not include a related provision requiring the commissioners court, for each year in which it intends to require a mandatory payment, to obtain the written consent of each paying hospital stating the paying hospital's intent to continue to participate in the program.

The substitute makes a clarifying change regarding the entity authorized to administer and operate a county health care provider participation program and changes the expiration of that authority to December 31, 2023, from the earlier of December 31, 2025, or at the end of the program year during which the district receives any written notice from a paying hospital that the hospital no longer wishes to participate in the program or does not receive the written consent of each paying hospital located in the county. The substitute does not include an expiration date for the bill's provisions generally.

The substitute changes the cap on the amount of revenue from mandatory payments that may be used for administrative expenses of the county for applicable activities in a year from eight percent of the total revenue generated from the mandatory payment to \$20,000, plus the cost of collateralization of deposits. The substitute includes a provision authorizing a county, on consent of a majority of the paying hospitals, to use additional revenue from mandatory payments to compensate the county for its administrative expenses if the county demonstrates to the paying hospitals that the costs of administering the program, excluding those costs associated with the collateralization of deposits, exceed \$20,000 in any year. The substitute includes a provision prohibiting a paying hospital from unreasonably withholding consent to compensate the county for administrative expenses.