

BILL ANALYSIS

Senate Research Center
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S.B. 170
By: Perry
Health & Human Services
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The intent of S.B. 170 is to reinforce and clarify into state statute the longstanding policy and practice in Texas to pay rural hospitals their actual and documented cost to treat Medicaid patients. Rural hospitals are the safety net of emergency and other health care across rural Texas. They provide care for Texans living across 85 percent of the state's land mass and they are often the only source of care for many rural residents, including those enrolled in Medicaid.

Rural hospitals often struggle financially and cannot afford to take a loss treating Medicaid patients. Since many of their patients are on government insurance or are uninsured, they have few places to turn to make up a loss in Medicaid. Over the past six years, approximately 16 rural hospitals have closed. Because the closure of rural hospitals means no local access for care, it is good public policy to make sure that rural hospitals are made whole in payments from Medicaid to help them remain open.

S.B. 170 will correct the problem and clearly establish in law the intent of the Texas Legislature that we want rural hospitals open and standing by to treat Medicaid patients and all Texas citizens.

As proposed, S.B. 170 amends current law relating to reimbursement of rural hospitals participating in the Medicaid managed care program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 (Section 533.0041, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 533, Government Code, by adding Section 533.0041, as follows:

Sec. 533.0041. REIMBURSEMENT METHODOLOGY FOR RURAL HOSPITALS. Requires the executive commissioner of the Health and Human Services Commission (executive commissioner; HHSC), to the extent allowed by federal law and notwithstanding any state law, to by rule adopt a reimbursement methodology for the payment of rural hospitals participating in the Medicaid managed care program that ensures the rural hospitals are reimbursed on an individual basis that allows the rural hospitals to fully recover allowable costs incurred in providing services to recipients. Authorizes the executive commissioner, in adopting rules under this section, to adopt a methodology that requires HHSC to directly reimburse rural hospitals for allowable costs or requires a managed care organization to reimburse rural hospitals. Requires the executive commissioner to define "allowable costs" and "rural hospital" for purposes of this section.

SECTION 2. Requires a state agency affected by a provision of this Act, if necessary for implementation of the provision, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such waiver or authorization is granted.

SECTION 3. Effective date: September 1, 2019.