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By:  Price H.B. No. 2035

A BILL TO BE ENTITLED

AN ACT

relating to reimbursement of rural hospitals participating in the Medicaid managed care program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.0041 to read as follows:

Sec. 533.0041.  REIMBURSEMENT METHODOLOGY FOR RURAL HOSPITALS. (a) In this section, "rural hospital" has the meaning assigned by commission rules for purposes of Medicaid.

(b)  To the extent allowed by federal law and notwithstanding any state law, the executive commissioner shall 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. In adopting rules under this section, the executive commissioner:

(1)  may adopt a methodology that requires:

(A)  the commission to directly reimburse rural hospitals for allowable costs;

(B)  a managed care organization to reimburse rural hospitals; or

(C)  both the commission and a managed care organization to share in the total amount of reimbursement paid to rural hospitals; and

(2)  shall:

(A)  define "allowable costs" for purposes of this section; and

(B)  require that the amount of reimbursement paid to a rural hospital is subject to any applicable adjustments made by the commission for payments to or penalties imposed on the rural hospital that are based on a quality-based or performance-based requirement under the Medicaid managed care program.

(c)  Not later than January 1 of each even-numbered year, the commission shall, as applicable:

(1)  make an initial determination of the allowable costs incurred by a rural hospital participating in the Medicaid managed care program that is based on the rural hospital's cost reports submitted to the federal Centers for Medicare and Medicaid Services and other available information that the commission considers relevant in determining the hospital's allowable costs; or

(2)  review and update the allowable costs previously determined or updated under this subsection using the same criteria required under Subdivision (1).

SECTION 2.  Not later than January 1, 2020, the Health and Human Services Commission shall determine the allowable costs incurred by a rural hospital participating in the Medicaid managed care program before that date as required by Section 533.0041(c)(1), Government Code, as added by this Act.

SECTION 3.  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 may delay implementing that provision until the waiver or authorization is granted.

SECTION 4.  This Act takes effect September 1, 2019.