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By:  Klick, Deshotel, Clardy, Hinojosa, H.B. No. 2798

     et al.

Substitute the following for H.B. No. 2798:

By:  Clardy C.S.H.B. No. 2798

A BILL TO BE ENTITLED

AN ACT

relating to the reimbursement of certain urban teaching hospitals for the provision of inpatient hospital care under Medicaid.

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

SECTION 1.  Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0285 to read as follows:

Sec. 32.0285.  CALCULATION OF MEDICAL EDUCATION ADD-ON FOR REIMBURSEMENT OF CERTAIN URBAN TEACHING HOSPITALS. (a) In this section:

(1)  "Base standard dollar amount" means the standardized payment amount calculated by the commission for costs incurred by prospectively paid hospitals in this state for providing inpatient hospital care under Medicaid.

(2)  "Children's hospital" means a hospital designated by the Centers for Medicare and Medicaid Services as a children's hospital.

(3)  "Medical education add-on" means an adjustment to the base standard dollar amount for an urban teaching hospital to reflect higher patient care costs relative to nonteaching urban hospitals.

(4)  "Rural hospital" means a hospital enrolled as a Medicaid provider that:

(A)  is located in a county with a population of not more than 60,000;

(B)  is designated by the Centers for Medicare and Medicaid Services as a critical access hospital, sole community hospital, or rural referral center and is not located in an area defined by the United States Office of Management and Budget as a metropolitan statistical area; or

(C)  meets all of the following criteria:

(i)  has 100 or fewer beds;

(ii)  is designated by the Centers for Medicare and Medicaid Services as a critical access hospital, sole community hospital, or rural referral center; and

(iii)  is located in an area defined by the United States Office of Management and Budget as a metropolitan statistical area.

(5)  "State-owned teaching hospital" means:

(A)  The University of Texas Medical Branch at Galveston;

(B)  The University of Texas Health Science Center at Tyler; and

(C)  The University of Texas M.D. Anderson Cancer Center.

(6)  "Teaching hospital" means a hospital that incurs indirect costs for operating graduate medical education programs and for which the Centers for Medicare and Medicaid Services has calculated and assigned a percentage Medicare education adjustment factor under 42 C.F.R. Section 412.105.

(7)  "Urban hospital" means a hospital that:

(A)  is located in an area defined by the United States Office of Management and Budget as a metropolitan statistical area; and

(B)  is not a rural hospital, children's hospital, state-owned teaching hospital, or freestanding psychiatric facility.

(b)  To the extent permitted by federal law, in order to ensure that urban teaching hospitals are accurately reimbursed for the provision of inpatient hospital care to recipients under Medicaid, the commission shall at least annually update the education adjustment factor used to calculate the medical education add-on using the most current data available, including:

(1)  data related to the number of interns and residents enrolled in a hospital's approved teaching program; and

(2)  the Medicare education adjustment factor assigned under 42 C.F.R. Section 412.105 in effect at the time the commission makes the update.

SECTION 2.  (a) In this section:

(1)  "Medicaid" has the meaning assigned by Section 531.001, Government Code.

(2)  "Medical education add-on," "teaching hospital," and "urban hospital" have the meanings assigned by Section 32.0285, Human Resources Code, as added by this Act.

(b)  As soon as practicable after the effective date of this Act, the Health and Human Services Commission shall conduct a study to evaluate the impacts and effectiveness of using the Medicare education adjustment factor assigned under 42 C.F.R. Section 412.105 in effect on the effective date of this Act to calculate the medical education add-on used to reimburse teaching hospitals for the provision of inpatient hospital care under Medicaid. The commission shall develop and make recommendations on alternative factors and methodologies for calculating and annually updating the medical education add-on that:

(1)  best recognize the higher costs incurred by teaching hospitals; and

(2)  mitigate issues identified with using the Medicare education adjustment factor without reducing reimbursements to urban teaching hospitals that have maintained or increased the number of interns and residents enrolled in the hospitals' approved teaching programs.

(c)  Not later than December 1, 2020, the Health and Human Services Commission shall report its findings and recommendations under Subsection (b) of this section to the governor, the standing committees of the senate and house of representatives having primary jurisdiction over matters relating to state finance and appropriations from the state treasury, the standing committees of the senate and house of representatives having primary jurisdiction over Medicaid, and the Legislative Budget Board.

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 immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.