2019S0356-1 03/06/19

By:  Hinojosa S.B. No. 2085

A BILL TO BE ENTITLED

AN ACT

relating to Medicaid funding in this state, including the federal government's participation in that funding.

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

SECTION 1.  Section 531.02113, Government Code, is amended to read as follows:

Sec. 531.02113.  OPTIMIZATION OF MEDICAID FINANCING. The commission shall ensure that the Medicaid finance system:

(1)  is optimized to:

(A) [~~(1)~~]  maximize the state's receipt of federal funds;

(B) [~~(2)~~]  create incentives for providers to use preventive care;

(C) [~~(3)~~]  increase and retain providers in the system to maintain an adequate provider network;

(D) [~~(4)~~]  more accurately reflect the costs borne by providers; and

(E) [~~(5)~~]  encourage the improvement of the quality of care; and

(2)  complies with the requirements of Chapter 540, if applicable.

SECTION 2.  Section 533.00256(a), Government Code, is amended to read as follows:

(a)  In consultation with appropriate stakeholders with an interest in the provision of acute care services and long-term services and supports under the Medicaid managed care program, the commission shall:

(1)  establish a clinical improvement program to identify goals designed to improve quality of care and care management and to reduce potentially preventable events, as defined by Section 536.001; [~~and~~]

(2)  require managed care organizations to develop and implement collaborative program improvement strategies to address the goals; and

(3)  evaluate the opportunity to establish a hospital value-based purchasing program pursuant to 42 C.F.R. Section 438.6(c), to be implemented through its contracts with managed care organizations, that would provide enhanced reimbursement to hospitals that meet achievement goals on defined outcome-based performance measures.

SECTION 3.  Subtitle I, Title 4, Government Code, is amended by adding Chapter 540 to read as follows:

CHAPTER 540. MEDICAID FUNDING MODIFICATION

Sec. 540.0001.  APPLICABILITY. This chapter applies to a waiver to the requirements of this state's Medicaid state plan or other authorization under Medicaid:

(1)  for which the commission seeks approval from the federal government; and

(2)  that, if approved, would change this state's receipt of federal money for Medicaid from the funding system in effect on January 1, 2019, to another funding system.

Sec. 540.0002.  ADEQUACY OF MEDICAID PROGRAM FUNDING. A Medicaid funding modification the commission seeks through a waiver or other authorization to which this chapter applies:

(1)  must account for and ensure adequate, continued funding for:

(A)  anticipated growth in the number of persons in this state who will be eligible for and enroll in the Medicaid program; and

(B)  health care trends that may affect costs, including:

(i)  increases in utilization rates;

(ii)  increases in the acuity of Medicaid recipients;

(iii)  advancements in medical technology; and

(iv)  advancements in specialized prescription drugs; and

(2)  may not be designed in a manner that allows for reductions in federal financial participation based on this state's effective management of Medicaid cost growth.

Sec. 540.0003.  PROVIDER REIMBURSEMENTS AND OTHER PAYMENTS. (a)  A waiver or other authorization to which this chapter applies must ensure that the Medicaid funding modification the commission seeks through the waiver or authorization will:

(1)  support the provision of adequate reimbursements to Medicaid providers and support periodic reimbursement rate increases based on health care trends;

(2)  ensure continued provision of payments to hospitals equal to supplemental payments by this state to hospitals under supplemental payment programs in effect on January 1, 2019, which may include continued provision through increases in rates paid for direct hospital services to Medicaid enrollees; and

(3)  prioritize use of supplemental payments to encourage continued development of comprehensive local and regional health care systems that include preventive, primary, specialty, outpatient, inpatient, mental health, and substance abuse services for individuals without health insurance.

(b)  Reimbursement systems under a waiver or other authorization to which this chapter applies must encourage value-based payment arrangements for Medicaid providers and support efforts to promote quality of care.

SECTION 4.  Section 108.0065, Health and Safety Code, is amended by amending Subsection (e) and redesignating Subsection (h) as Subsection (f) to read as follows:

(e)  The commission shall analyze the data collected in accordance with this section and shall use the data to:

(1)  evaluate the effectiveness and efficiency of the Medicaid managed care system;

(2)  determine the extent to which Medicaid managed care does or does not serve the needs of Medicaid recipients in this state; [~~and~~]

(3)  assess the cost-effectiveness of the Medicaid managed care system in comparison to the fee-for-service system, considering any improvement in the quality of care provided; and

(4)  support and assist the commission's activities conducted pursuant to Section 533.00256, Government Code.

(f) [~~(h)~~]  The commission, using existing funds, may contract with an entity to comply with the requirements under Subsection (e).

SECTION 5.  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 6.  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.