

1 AN ACT

2 relating to the creation and operations of health care provider
3 participation programs in counties not served by a hospital
4 district or a public hospital.

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

6 SECTION 1. Subtitle D, Title 4, Health and Safety Code, is
7 amended by adding Chapter 299 to read as follows:

8 CHAPTER 299. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM IN
9 COUNTY NOT SERVED BY HOSPITAL DISTRICT OR PUBLIC HOSPITAL

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 299.0001. PURPOSE. The purpose of this chapter is to
12 authorize a county not served by a hospital district or a public
13 hospital to administer a county health care provider participation
14 program to provide additional compensation to hospitals in the
15 county by collecting mandatory payments from each hospital in the
16 county to be used to provide the nonfederal share of a Medicaid
17 supplemental payment program and for other purposes as authorized
18 under this chapter.

19 Sec. 299.0002. DEFINITIONS. In this chapter:

20 (1) "Institutional health care provider" means a
21 nonpublic hospital that provides inpatient hospital services.

22 (2) "Paying hospital" means an institutional health
23 care provider required to make a mandatory payment under this
24 chapter.

1 (3) "Program" means a county health care provider
2 participation program authorized by this chapter.

3 Sec. 299.0003. APPLICABILITY. This chapter applies only to
4 a county that is not served by a hospital district or a public
5 hospital.

6 Sec. 299.0004. COUNTY HEALTH CARE PROVIDER PARTICIPATION
7 PROGRAM; COUNTY ORDER REQUIRED FOR PARTICIPATION. The
8 commissioners court of a county may adopt an order authorizing the
9 county to participate in a health care provider participation
10 program, subject to the limitations provided by this chapter.

11 SUBCHAPTER B. POWERS AND DUTIES OF COMMISSIONERS COURT

12 Sec. 299.0051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY
13 PAYMENT. The commissioners court of a county may require a
14 mandatory payment authorized under this chapter by an institutional
15 health care provider in the county only in the manner provided by
16 this chapter.

17 Sec. 299.0052. RULES AND PROCEDURES. The commissioners
18 court of a county may adopt rules relating to the administration of
19 the health care provider participation program in the county,
20 including collection of the mandatory payments, expenditures,
21 audits, and any other administrative aspects of the program.

22 Sec. 299.0053. INSTITUTIONAL HEALTH CARE PROVIDER
23 REPORTING. If the commissioners court of a county authorizes the
24 county to participate in a health care provider participation
25 program under this chapter, the commissioners court shall require
26 each institutional health care provider to submit to the county a
27 copy of any financial and utilization data required by and reported

1 to the Department of State Health Services under Sections 311.032
2 and 311.033 and any rules adopted by the executive commissioner of
3 the Health and Human Services Commission to implement those
4 sections.

5 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

6 Sec. 299.0101. HEARING. (a) In each year that the
7 commissioners court of a county authorizes a health care provider
8 participation program under this chapter, the commissioners court
9 shall hold a public hearing on the amounts of any mandatory payments
10 that the commissioners court intends to require during the year and
11 how the revenue derived from those payments is to be spent.

12 (b) Not later than the fifth day before the date of the
13 hearing required under Subsection (a), the commissioners court
14 shall publish notice of the hearing in a newspaper of general
15 circulation in the county and provide written notice of the hearing
16 to the chief operating officer of each institutional health care
17 provider in the county.

18 Sec. 299.0102. LOCAL PROVIDER PARTICIPATION FUND;
19 DEPOSITORY. (a) Each commissioners court of a county that collects
20 a mandatory payment authorized under this chapter shall create a
21 local provider participation fund in one or more banks designated
22 by the county as a depository for the mandatory payments received by
23 the county.

24 (b) The commissioners court of a county may withdraw or use
25 money in the local provider participation fund of the county only
26 for a purpose authorized under this chapter.

27 (c) All funds collected under this chapter shall be secured

1 in the manner provided for securing other county funds.

2 Sec. 299.0103. DEPOSITS TO FUND; AUTHORIZED USES OF MONEY.

3 (a) The local provider participation fund established by a county
4 under Section 299.0102 consists of:

5 (1) all mandatory payments authorized under this
6 chapter and received by the county;

7 (2) money received from the Health and Human Services
8 Commission as a refund of an intergovernmental transfer from the
9 county to the state for the purpose of providing the nonfederal
10 share of Medicaid supplemental payment program payments, provided
11 that the intergovernmental transfer does not receive a federal
12 matching payment; and

13 (3) the earnings of the fund.

14 (b) Money deposited to the local provider participation
15 fund of a county may be used only to:

16 (1) fund intergovernmental transfers from the county
17 to the state to provide:

18 (A) the nonfederal share of a Medicaid
19 supplemental payment program authorized under the state Medicaid
20 plan, the Texas Healthcare Transformation and Quality Improvement
21 Program waiver issued under Section 1115 of the federal Social
22 Security Act (42 U.S.C. Section 1315), or a successor waiver
23 program authorizing similar Medicaid supplemental payment
24 programs; or

25 (B) payments to Medicaid managed care
26 organizations that are dedicated for payment to hospitals;

27 (2) pay costs associated with indigent care provided

1 by institutional health care providers in the county;

2 (3) pay the administrative expenses of the county in
3 administering the program, including collateralization of
4 deposits;

5 (4) refund a portion of a mandatory payment collected
6 in error from a paying hospital; and

7 (5) refund to paying hospitals a proportionate share
8 of the money that the county:

9 (A) receives from the Health and Human Services
10 Commission that is not used to fund the nonfederal share of Medicaid
11 supplemental payment program payments; or

12 (B) determines cannot be used to fund the
13 nonfederal share of Medicaid supplemental payment program
14 payments.

15 (c) Money in the local provider participation fund of a
16 county may not be commingled with other county funds.

17 (d) An intergovernmental transfer of funds described by
18 Subsection (b)(1) and any funds received by the county as a result
19 of an intergovernmental transfer described by that subsection may
20 not be used by the county or any other entity to expand Medicaid
21 eligibility under the Patient Protection and Affordable Care Act
22 (Pub. L. No. 111-148) as amended by the Health Care and Education
23 Reconciliation Act of 2010 (Pub. L. No. 111-152).

24 SUBCHAPTER D. MANDATORY PAYMENTS

25 Sec. 299.0151. MANDATORY PAYMENTS. (a) Except as provided
26 by Subsection (e), if the commissioners court of a county
27 authorizes a health care provider participation program under this

1 chapter, the commissioners court shall require an annual mandatory
2 payment to be assessed on the net patient revenue of each
3 institutional health care provider located in the county. The
4 commissioners court shall provide that the mandatory payment is to
5 be collected at least annually, but not more often than quarterly.
6 In the first year in which the mandatory payment is required, the
7 mandatory payment is assessed on the net patient revenue of an
8 institutional health care provider located in the county as
9 determined by the data reported to the Department of State Health
10 Services under Sections 311.032 and 311.033 in the most recent
11 fiscal year for which that data was reported. If the institutional
12 health care provider did not report any data under those sections,
13 the provider's net patient revenue is the amount of that revenue as
14 contained in the provider's Medicare cost report submitted for the
15 previous fiscal year or for the closest subsequent fiscal year for
16 which the provider submitted the Medicare cost report. The county
17 shall update the amount of the mandatory payment on an annual basis.

18 (b) The amount of a mandatory payment authorized under this
19 chapter for a county must be uniformly proportionate with the
20 amount of net patient revenue generated by each paying hospital in
21 the county. A mandatory payment authorized under this chapter may
22 not hold harmless any institutional health care provider, as
23 required under 42 U.S.C. Section 1396b(w).

24 (c) The commissioners court of a county that authorizes a
25 program under this chapter shall set the amount of the mandatory
26 payment. The amount of the mandatory payment required of each
27 paying hospital in the county may not exceed six percent of the

1 hospital's net patient revenue.

2 (d) Subject to the maximum amount prescribed by Subsection
3 (c), the commissioners court of a county that authorizes a program
4 shall set the mandatory payments in amounts that in the aggregate
5 will generate sufficient revenue to cover the administrative
6 expenses of the county for activities under this chapter, fund an
7 intergovernmental transfer described by Section 299.0103(b)(1), or
8 make other payments authorized under this chapter. The amount of
9 revenue from mandatory payments that may be used for administrative
10 expenses by the county in a year may not exceed \$25,000, plus the
11 cost of collateralization of deposits. If the commissioners court
12 demonstrates to the paying hospitals in the county that the costs of
13 administering the health care provider participation program under
14 this chapter, excluding those costs associated with the
15 collateralization of deposits, exceed \$25,000 in any year, on
16 consent of all of the paying hospitals in the county, the county may
17 use additional revenue from mandatory payments received under this
18 chapter to compensate the county for its administrative expenses. A
19 paying hospital may not unreasonably withhold consent to compensate
20 the county for administrative expenses.

21 (e) A paying hospital may not add a mandatory payment
22 required under this section as a surcharge to a patient or insurer.

23 (f) A mandatory payment under this chapter is not a tax for
24 purposes of Section 5(a), Article IX, Texas Constitution.

25 Sec. 299.0152. ASSESSMENT AND COLLECTION OF MANDATORY
26 PAYMENTS. A county may collect or contract for the assessment and
27 collection of mandatory payments authorized under this chapter.

1 Sec. 299.0153. CORRECTION OF INVALID PROVISION OR
2 PROCEDURE. To the extent any provision or procedure under this
3 chapter causes a mandatory payment authorized under this chapter to
4 be ineligible for federal matching funds, the county may provide by
5 rule for an alternative provision or procedure that conforms to the
6 requirements of the federal Centers for Medicare and Medicaid
7 Services. A rule adopted under this section may not create, impose,
8 or materially expand the legal or financial liability or
9 responsibility of the county or an institutional health care
10 provider in the county beyond the provisions of this chapter. This
11 section does not require the commissioners court of a county to
12 adopt a rule.

13 SECTION 2. If before implementing any provision of this Act
14 a state agency determines that a waiver or authorization from a
15 federal agency is necessary for implementation of that provision,
16 the agency affected by the provision shall request the waiver or
17 authorization and may delay implementing that provision until the
18 waiver or authorization is granted.

19 SECTION 3. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I certify that H.B. No. 651 was passed by the House on April 10, 2019, by the following vote: Yeas 135, Nays 9, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 651 was passed by the Senate on May 22, 2019, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor