

By: Price

H.B. No. 2035

A BILL TO BE ENTITLED

1 AN ACT
2 relating to reimbursement of rural hospitals participating in the
3 Medicaid managed care program.

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

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

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

10 (b) To the extent allowed by federal law and notwithstanding
11 any state law, the executive commissioner shall by rule adopt a
12 reimbursement methodology for the payment of rural hospitals
13 participating in the Medicaid managed care program that ensures the
14 rural hospitals are reimbursed on an individual basis that allows
15 the rural hospitals to fully recover allowable costs incurred in
16 providing services to recipients. In adopting rules under this
17 section, the executive commissioner:

18 (1) may adopt a methodology that requires:

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

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

23 (C) both the commission and a managed care
24 organization to share in the total amount of reimbursement paid to

1 rural hospitals; and

2 (2) shall:

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

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

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

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

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

22 SECTION 2. Not later than January 1, 2020, the Health and
23 Human Services Commission shall determine the allowable costs
24 incurred by a rural hospital participating in the Medicaid managed
25 care program before that date as required by Section
26 533.0041(c)(1), Government Code, as added by this Act.

27 SECTION 3. If before implementing any provision of this Act

1 a state agency determines that a waiver or authorization from a
2 federal agency is necessary for implementation of that provision,
3 the agency affected by the provision shall request the waiver or
4 authorization and may delay implementing that provision until the
5 waiver or authorization is granted.

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