

By: Klick, Deshotel, Clardy, Hinojosa,
et al.

H.B. No. 2798

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

By: Clardy

C.S.H.B. No. 2798

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the reimbursement of certain urban teaching hospitals
3 for the provision of inpatient hospital care under Medicaid.

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

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

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

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

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

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

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

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

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

6 (C) meets all of the following criteria:

7 (i) has 100 or fewer beds;

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

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

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

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

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

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

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

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

27 (A) is located in an area defined by the United

1 States Office of Management and Budget as a metropolitan
2 statistical area; and

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

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

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

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

17 SECTION 2. (a) In this section:

18 (1) "Medicaid" has the meaning assigned by Section
19 [531.001](#), Government Code.

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

23 (b) As soon as practicable after the effective date of this
24 Act, the Health and Human Services Commission shall conduct a study
25 to evaluate the impacts and effectiveness of using the Medicare
26 education adjustment factor assigned under 42 C.F.R. Section
27 412.105 in effect on the effective date of this Act to calculate the

1 medical education add-on used to reimburse teaching hospitals for
2 the provision of inpatient hospital care under Medicaid. The
3 commission shall develop and make recommendations on alternative
4 factors and methodologies for calculating and annually updating the
5 medical education add-on that:

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

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

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

21 SECTION 3. If before implementing any provision of this Act
22 a state agency determines that a waiver or authorization from a
23 federal agency is necessary for implementation of that provision,
24 the agency affected by the provision shall request the waiver or
25 authorization and may delay implementing that provision until the
26 waiver or authorization is granted.

27 SECTION 4. This Act takes effect immediately if it receives

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