

1-1 By: Perry, et al. S.B. No. 170
1-2 (In the Senate - Filed November 13, 2018; February 1, 2019,
1-3 read first time and referred to Committee on Health & Human
1-4 Services; April 8, 2019, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 April 8, 2019, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Kolkhorst	X		
1-10	Perry	X		
1-11	Buckingham	X		
1-12	Campbell	X		
1-13	Flores	X		
1-14	Johnson	X		
1-15	Miles	X		
1-16	Powell	X		
1-17	Seliger	X		

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 170 By: Perry

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to reimbursement of rural hospitals under Medicaid.
1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-23 SECTION 1. Subchapter B, Chapter 531, Government Code, is
1-24 amended by adding Section 531.02194 to read as follows:
1-25 Sec. 531.02194. REIMBURSEMENT METHODOLOGY FOR RURAL
1-26 HOSPITALS. (a) In this section, "rural hospital" has the meaning
1-27 assigned by commission rules for purposes of the reimbursement of
1-28 hospitals for providing inpatient or outpatient services under
1-29 Medicaid.
1-30 (b) To the extent allowed by federal law and subject to
1-31 limitations on appropriations, the executive commissioner by rule
1-32 shall adopt a prospective reimbursement methodology for the payment
1-33 of rural hospitals participating in Medicaid that ensures the rural
1-34 hospitals are reimbursed on an individual basis for providing
1-35 inpatient and general outpatient services to Medicaid recipients by
1-36 using the hospitals' most recent cost information concerning the
1-37 costs incurred for providing the services. The commission shall
1-38 calculate the prospective cost-based reimbursement rates once
1-39 every two years.
1-40 (c) In adopting rules under Subsection (b), the executive
1-41 commissioner may:
1-42 (1) adopt a methodology that requires:
1-43 (A) a managed care organization to reimburse
1-44 rural hospitals for services delivered through the Medicaid managed
1-45 care program using a minimum fee schedule or other method for which
1-46 federal matching money is available; or
1-47 (B) both the commission and a managed care
1-48 organization to share in the total amount of reimbursement paid to
1-49 rural hospitals; and
1-50 (2) require that the amount of reimbursement paid to a
1-51 rural hospital is subject to any applicable adjustments made by the
1-52 commission for payments to or penalties imposed on the rural
1-53 hospital that are based on a quality-based or performance-based
1-54 requirement under the Medicaid managed care program.
1-55 (d) Not later than September 1 of each even-numbered year,
1-56 the commission shall, for purposes of Subsection (b), determine the
1-57 allowable costs incurred by a rural hospital participating in the
1-58 Medicaid managed care program based on the rural hospital's cost
1-59 reports submitted to the federal Centers for Medicare and Medicaid
1-60 Services and other available information that the commission

2-1 considers relevant in determining the hospital's allowable costs.

2-2 (e) Notwithstanding Subsection (b) and subject to
2-3 Subsection (f), the executive commissioner shall adopt and the
2-4 commission shall implement, beginning with the state fiscal year
2-5 ending August 31, 2022, a true cost-based reimbursement methodology
2-6 for inpatient and general outpatient services provided to Medicaid
2-7 recipients at rural hospitals that provides:

2-8 (1) prospective payments during a state fiscal year to
2-9 the hospitals using the reimbursement methodology adopted under
2-10 Subsection (b); and

2-11 (2) to the extent allowed by federal law, in the
2-12 subsequent state fiscal year a cost settlement to provide
2-13 additional reimbursement as necessary to reimburse the hospitals
2-14 for the true costs incurred in providing inpatient and general
2-15 outpatient services to Medicaid recipients during the previous
2-16 state fiscal year.

2-17 (f) Notwithstanding Subsection (e), if federal law does not
2-18 permit the use of a true cost-based reimbursement methodology
2-19 described by that subsection, the commission shall continue to use
2-20 the prospective cost-based reimbursement methodology adopted under
2-21 Subsection (b) for the payment of rural hospitals for providing
2-22 inpatient and general outpatient services to Medicaid recipients.

2-23 SECTION 2. The Health and Human Services Commission is
2-24 required to implement a provision of this Act only if the
2-25 legislature appropriates money specifically for that purpose. If
2-26 the legislature does not appropriate money specifically for that
2-27 purpose, the commission may, but is not required to, implement a
2-28 provision of this Act using other appropriations available for that
2-29 purpose.

2-30 SECTION 3. Not later than September 1, 2020, the Health and
2-31 Human Services Commission shall determine the allowable costs
2-32 incurred by a rural hospital participating in the Medicaid managed
2-33 care program before that date as required by Section 531.02194(d),
2-34 Government Code, as added by this Act.

2-35 SECTION 4. If before implementing any provision of this Act
2-36 a state agency determines that a waiver or authorization from a
2-37 federal agency is necessary for implementation of that provision,
2-38 the agency affected by the provision shall request the waiver or
2-39 authorization and may delay implementing that provision until the
2-40 waiver or authorization is granted.

2-41 SECTION 5. This Act takes effect September 1, 2019.

2-42 * * * * *