

By: Kolkhorst, et al.
(Price)

S.B. No. 1622

A BILL TO BE ENTITLED

AN ACT

relating to rural hospitals and similar facilities; requiring a license; authorizing fees.

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

SECTION 1. Chapter 531, Government Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. RURAL HOSPITALS

Sec. 531.201. STRATEGIC PLAN; REPORT. (a) The commission shall develop and implement a strategic plan to ensure that the citizens of this state residing in rural areas have access to hospital services.

(b) The strategic plan must include:

(1) a proposal for using at least one of the following methods to ensure access to hospital services in the rural areas of this state:

(A) an enhanced cost reimbursement methodology for the payment of rural hospitals participating in the Medicaid managed care program in conjunction with a supplemental payment program for rural hospitals to cover costs incurred in providing services to recipients;

(B) a hospital rate enhancement program that applies only to rural hospitals;

(C) a reduction of punitive actions under the Medicaid program that require reimbursement for Medicaid payments

1 made to the provider, if the provider is a rural hospital, a
2 reduction of the frequency of payment reductions under the Medicaid
3 program made to rural hospitals, and an enhancement of payments
4 made under merit-based programs or similar programs for rural
5 hospitals;

6 (D) a reduction of state regulatory-related
7 costs related to the commission's review of rural hospitals; or

8 (E) in accordance with rules adopted by the
9 Centers for Medicare and Medicaid Services, the establishment of a
10 minimum fee schedule that applies to payments made by managed care
11 organizations to rural hospitals; and

12 (2) target dates for achieving goals related to the
13 proposal described by Subdivision (1).

14 (c) Not later than January 1, 2020, the commission shall
15 submit the strategic plan developed under Subsection (b) to the
16 Legislative Budget Board for review and comment. The commission
17 may not begin implementation of the proposal contained in the
18 strategic plan until the strategic plan is approved by the
19 Legislative Budget Board.

20 (d) Not later than November 1 of each even-numbered year,
21 the commission shall submit a report regarding the commission's
22 development and implementation of the strategic plan described by
23 Subsection (b) to:

24 (1) the legislature;

25 (2) the governor; and

26 (3) the Legislative Budget Board.

27 Sec. 531.202. ADVISORY COMMITTEE ON RURAL HOSPITALS.

1 (a) The commission shall establish the Rural Hospital Advisory
2 Committee, either as another advisory committee or as a
3 subcommittee of the Hospital Payment Advisory Committee, to advise
4 the commission on issues relating specifically to rural hospitals.

5 (b) The Rural Hospital Advisory Committee is composed of
6 interested persons appointed by the executive commissioner.
7 Section 2110.002 does not apply to the advisory committee.

8 (c) A member of the advisory committee serves without
9 compensation.

10 Sec. 531.203. COLLABORATION WITH OFFICE OF RURAL AFFAIRS.
11 The commission shall collaborate with the Office of Rural Affairs
12 to ensure that this state is pursuing to the fullest extent possible
13 federal grants, funding opportunities, and support programs
14 available to rural hospitals as administered by the Health
15 Resources and Services Administration and the Office of Minority
16 Health in the United States Department of Health and Human
17 Services.

18 SECTION 2. Chapter 241, Health and Safety Code, is amended
19 by adding Subchapter K to read as follows:

20 SUBCHAPTER K. LIMITED SERVICES RURAL HOSPITAL

21 Sec. 241.301. DEFINITION. In this subchapter, "limited
22 services rural hospital" means a general or special hospital that
23 is or was licensed under this chapter and that:

24 (1) is:

25 (A) located in a rural area, as defined by:

26 (i) commission rule; or

27 (ii) 42 U.S.C. Section 1395ww(d)(2)(D); or

1 (B) designated by the Centers for Medicare and
2 Medicaid Services as a critical access hospital, rural referral
3 center, or sole community hospital; and

4 (2) otherwise meets the requirements to be designated
5 as a limited services rural hospital or a similarly designated
6 hospital under federal law for purposes of a payment program
7 described by Section 241.302(a)(1).

8 Sec. 241.302. LICENSE REQUIRED. (a) A person may not
9 establish, conduct, or maintain a limited services rural hospital
10 unless:

11 (1) the United States Congress passes a bill creating
12 a payment program specifically for limited services rural hospitals
13 or similarly designated hospitals that becomes law; and

14 (2) the commission issues a license to the person to
15 establish, conduct, or maintain a limited services rural hospital
16 under this subchapter.

17 (b) If the United States Congress enacts a bill described by
18 Subsection (a)(1) that becomes law, the executive commissioner
19 shall adopt rules:

20 (1) establishing minimum standards for the
21 facilities; and

22 (2) implementing this section.

23 (c) The standards adopted under Subsection (b) must be at
24 least as stringent as the standards established in the law
25 described by Subsection (a) for eligibility to qualify for a
26 payment program established by the law.

27 (d) An applicant for a license under this section must:

1 (1) submit an application for the license to the
2 commission in a form and manner prescribed by the commission; and

3 (2) pay any required fee.

4 (e) The commission shall issue a license to act as a limited
5 services rural hospital under this subchapter if the applicant
6 complies with the rules and standards adopted under this section.

7 (f) The commission by order may waive or modify the
8 requirement of a particular provision of this chapter or a standard
9 adopted under this section if the commission determines that the
10 waiver or modification will facilitate the creation or operation of
11 the facility and that the waiver or modification is in the best
12 interests of the individuals served or to be served by the facility.

13 Sections 241.026(d) and (e) apply to a waiver or modification under
14 this section for a limited services rural hospital in the same
15 manner as the subsections apply to a waiver or modification for a
16 hospital.

17 (g) A provision of this chapter related to the enforcement
18 authority of the commission applies to a limited services rural
19 hospital.

20 Sec. 241.303. LICENSING FEE. (a) The executive
21 commissioner by rule shall establish and the commission shall
22 collect a fee for issuing and renewing a license under this
23 subchapter that is in an amount reasonable and necessary to cover
24 the costs of administering and enforcing this subchapter.

25 (b) All fees collected under this section shall be deposited
26 in the state treasury to the credit of the commission to administer
27 and enforce this subchapter.

1 SECTION 3. This Act takes effect September 1, 2019.

1 COMMITTEE AMENDMENT NO. 1

2 Amend S.B. No. 1622 by adding the following appropriately
3 numbered SECTIONS to the bill and renumbering subsequent SECTIONS
4 of the bill accordingly:

5 SECTION _____. Chapter 1061, Special District Local Laws
6 Code, is amended by adding Subchapter G to read as follows:

7 SUBCHAPTER G. SALES AND USE TAX

8 Sec. 1061.301. TAX AUTHORIZED. (a) The district may adopt,
9 change the rate of, or abolish a sales and use tax at an election
10 held in the district.

11 (b) The district may not adopt a tax under this subchapter
12 or increase the rate of the tax if as a result of the adoption of the
13 tax or the tax increase the combined rate of all sales and use taxes
14 imposed by the district and all other political subdivisions of
15 this state having territory in the district would exceed two
16 percent in any location in the district.

17 Sec. 1061.302. APPLICABILITY OF OTHER LAW. Except to the
18 extent that a provision of this subchapter applies, Chapter 323,
19 Tax Code, applies to a tax authorized by this subchapter in the same
20 manner as that chapter applies to the tax authorized by that
21 chapter.

22 Sec. 1061.303. TAX RATE; CHANGE IN RATE. (a) The district
23 may impose a tax authorized by this subchapter in increments of
24 one-eighth of one percent, with a minimum rate of one-eighth of one
25 percent and a maximum rate of two percent.

26 (b) The district may increase the rate of a tax authorized
27 by this subchapter to a maximum of two percent or decrease the rate

1 of the tax to a minimum of one-eighth of one percent if the change is
2 approved by a majority of the voters of the district at an election
3 called for that purpose.

4 Sec. 1061.304. ELECTION PROCEDURE. An election to adopt,
5 change the rate of, or abolish a tax authorized by this subchapter
6 is called by the adoption of an order of the board. The board may
7 call an election on its own motion and shall call an election if a
8 number of qualified voters in the district equal to at least five
9 percent of the number of registered voters in the district
10 petitions the board to call the election.

11 Sec. 1061.305. ELECTION IN OTHER TAXING AUTHORITY. (a) In
12 this section, "taxing authority" means any entity authorized to
13 impose a local sales and use tax.

14 (b) If the district is included within the boundaries of
15 another taxing authority and the adoption or increase in the rate of
16 a tax under this subchapter would result in a combined tax rate by
17 the district and other political subdivisions of this state of more
18 than two percent at any location in the district, an election to
19 approve or increase the rate of the tax has no effect unless:

20 (1) one or more of the other taxing authorities holds
21 an election in accordance with the law governing that authority on
22 the same date as the election under this subchapter to reduce the
23 tax rate of that authority to a rate that will result in a combined
24 tax rate by the district and other political subdivisions of not
25 more than two percent at any location in the district; and

26 (2) the combined tax rate is reduced to not more than
27 two percent as a result of that election.

1 (c) This section does not permit a taxing authority to
2 impose taxes at differential tax rates within the territory of the
3 authority.

4 Sec. 1061.306. TAX EFFECTIVE DATE. (a) The adoption,
5 change in the rate of, or abolition of a tax under this subchapter
6 takes effect on the first day of the first calendar quarter
7 occurring after the expiration of the first complete calendar
8 quarter occurring after the date on which the comptroller receives
9 notice of the results of an election to adopt, change the rate of,
10 or abolish the tax.

11 (b) If the comptroller determines that an effective date
12 provided by Subsection (a) will occur before the comptroller can
13 reasonably take the action required to begin collecting the tax or
14 to implement the change in the rate of the tax or the abolition of
15 the tax, the effective date may be extended by the comptroller until
16 the first day of the next calendar quarter.

17 Sec. 1061.307. USE OF TAX REVENUE. Revenue from a tax
18 imposed under this subchapter may be used by the district for any
19 purpose of the district authorized by law.

20 SECTION _____. Section 1061.151(b), Special District Local
21 Laws Code, is amended to read as follows:

22 (b) The proposed budget must contain a complete financial
23 statement of:

- 24 (1) the outstanding obligations of the district;
- 25 (2) the cash on hand in each district fund;
- 26 (3) the money received by the district from all
27 sources during the previous year;

1 (4) the money available to the district from all
2 sources during the ensuing year;

3 (5) the balances expected at the end of the year in
4 which the budget is being prepared;

5 (6) the estimated revenue and balances available to
6 cover the proposed budget;

7 (7) the estimated ad valorem tax rate required; and

8 (8) the proposed expenditures and disbursements and
9 the estimated receipts and collections for the following fiscal
10 year.

11 SECTION _____. The heading to Subchapter F, Chapter 1061,
12 Special District Local Laws Code, is amended to read as follows:

13 SUBCHAPTER F. AD VALOREM TAXES

14 SECTION _____. Section 26.012(1), Tax Code, is amended to
15 read as follows:

16 (1) "Additional sales and use tax" means an additional
17 sales and use tax imposed by:

18 (A) a city under Section 321.101(b);

19 (B) a county under Chapter 323; or

20 (C) a hospital district, other than a hospital
21 district:

22 (i) created on or after September 1, 2001,
23 that:

24 (a) [~~(i)~~] imposes the sales and use
25 tax under Subchapter I, Chapter 286, Health and Safety Code; or

26 (b) [~~(i)~~] imposes the sales and use
27 tax under Subchapter L, Chapter 285, Health and Safety Code; or

1 (ii) that imposes the sales and use tax
2 under Subchapter G, Chapter [1061](#), Special District Local Laws Code.

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