

By: Kolkhorst

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 comment and review. 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. (a)

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

20 Sec. 533.0041. REIMBURSEMENT METHODOLOGY FOR RURAL
21 HOSPITALS. To the extent allowed by federal law and
22 notwithstanding any state law, the executive commissioner shall by
23 rule adopt a reimbursement methodology for the payment of rural
24 hospitals participating in the Medicaid managed care program that
25 ensures the rural hospitals are reimbursed on an individual basis
26 that allows the rural hospitals to fully recover allowable costs
27 incurred in providing services to recipients. In adopting rules

1 under this section, the executive commissioner:

2 (1) may adopt a methodology that requires:

3 (A) the commission to directly reimburse rural
4 hospitals for allowable costs; or

5 (B) a managed care organization to reimburse
6 rural hospitals; and

7 (2) shall define "allowable costs" and "rural
8 hospital" for purposes of this section.

9 SECTION 3. Chapter 241, Health and Safety Code, is amended
10 by adding Subchapter K to read as follows:

11 SUBCHAPTER K. LIMITED SERVICES RURAL HOSPITAL

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

15 (1) is:

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

17 (i) commission rule; or

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

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

22 (2) otherwise meets the requirements to be designated
23 as a limited services rural hospital or a similarly designated
24 hospital under federal law.

25 Sec. 241.302. LICENSE REQUIRED; FEES. (a) A person may not
26 establish, conduct, or maintain a limited services rural hospital
27 unless:

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

4 (2) the commission issues a license to the person to
5 establish, conduct, or maintain a limited services rural hospital
6 under this subchapter.

7 (b) If the United States Congress enacts a bill described by
8 Subsection (a)(1) that becomes law, the commission shall adopt
9 rules:

10 (1) establishing minimum standards for the
11 facilities; and

12 (2) implementing this section.

13 (c) The standards adopted under Subsection (b) must be at
14 least as stringent as the standards established in the law
15 described by Subsection (a) for eligibility to qualify for a
16 payment program established by the law.

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

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

20 (2) pay any required fee.

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

24 (f) The commission by order may waive or modify the
25 requirement of a particular provision of this chapter or a standard
26 adopted under this section if the commission determines that the
27 waiver or modification will facilitate the creation or operation of

1 the facility and that the waiver or modification is in the best
2 interests of the individuals served or to be served by the facility.
3 Sections 241.026(d) and (e) apply to a waiver or modification under
4 this section for a limited services rural hospital in the same
5 manner as the subsections apply to a waiver or modification for a
6 hospital.

7 (g) A provision of this chapter related to the enforcement
8 authority of the commission applies to a limited services rural
9 hospital.

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