

By: Hinojosa

S.B. No. 2085

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to Medicaid funding in this state, including the federal  
3 government's participation in that funding.

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

5 SECTION 1. Section 531.02113, Government Code, is amended  
6 to read as follows:

7 Sec. 531.02113. OPTIMIZATION OF MEDICAID FINANCING. The  
8 commission shall ensure that the Medicaid finance system:

9 (1) is optimized to:

10 (A) [~~(1)~~] maximize the state's receipt of  
11 federal funds;

12 (B) [~~(2)~~] create incentives for providers to use  
13 preventive care;

14 (C) [~~(3)~~] increase and retain providers in the  
15 system to maintain an adequate provider network;

16 (D) [~~(4)~~] more accurately reflect the costs  
17 borne by providers; and

18 (E) [~~(5)~~] encourage the improvement of the  
19 quality of care; and

20 (2) complies with the requirements of Chapter 540, if  
21 applicable.

22 SECTION 2. Section 533.00256(a), Government Code, is  
23 amended to read as follows:

24 (a) In consultation with appropriate stakeholders with an

1 interest in the provision of acute care services and long-term  
2 services and supports under the Medicaid managed care program, the  
3 commission shall:

4 (1) establish a clinical improvement program to  
5 identify goals designed to improve quality of care and care  
6 management and to reduce potentially preventable events, as defined  
7 by Section 536.001; ~~and~~

8 (2) require managed care organizations to develop and  
9 implement collaborative program improvement strategies to address  
10 the goals; and

11 (3) evaluate the opportunity to establish a hospital  
12 value-based purchasing program pursuant to 42 C.F.R. Section  
13 438.6(c), to be implemented through its contracts with managed care  
14 organizations, that would provide enhanced reimbursement to  
15 hospitals that meet achievement goals on defined outcome-based  
16 performance measures.

17 SECTION 3. Subtitle I, Title 4, Government Code, is amended  
18 by adding Chapter 540 to read as follows:

19 CHAPTER 540. MEDICAID FUNDING MODIFICATION

20 Sec. 540.0001. APPLICABILITY. This chapter applies to a  
21 waiver to the requirements of this state's Medicaid state plan or  
22 other authorization under Medicaid:

23 (1) for which the commission seeks approval from the  
24 federal government; and

25 (2) that, if approved, would change this state's  
26 receipt of federal money for Medicaid from the funding system in  
27 effect on January 1, 2019, to another funding system.

1       Sec. 540.0002. ADEQUACY OF MEDICAID PROGRAM FUNDING. A  
2 Medicaid funding modification the commission seeks through a waiver  
3 or other authorization to which this chapter applies:

4           (1) must account for and ensure adequate, continued  
5 funding for:

6                   (A) anticipated growth in the number of persons  
7 in this state who will be eligible for and enroll in the Medicaid  
8 program; and

9                   (B) health care trends that may affect costs,  
10 including:

11                                   (i) increases in utilization rates;

12                                   (ii) increases in the acuity of Medicaid  
13 recipients;

14                                   (iii) advancements in medical technology;

15 and

16                                   (iv) advancements in specialized  
17 prescription drugs; and

18           (2) may not be designed in a manner that allows for  
19 reductions in federal financial participation based on this state's  
20 effective management of Medicaid cost growth.

21       Sec. 540.0003. PROVIDER REIMBURSEMENTS AND OTHER PAYMENTS.

22 (a) A waiver or other authorization to which this chapter applies  
23 must ensure that the Medicaid funding modification the commission  
24 seeks through the waiver or authorization will:

25           (1) support the provision of adequate reimbursements  
26 to Medicaid providers and support periodic reimbursement rate  
27 increases based on health care trends;

1           (2) ensure continued provision of payments to  
2 hospitals equal to supplemental payments by this state to hospitals  
3 under supplemental payment programs in effect on January 1, 2019,  
4 which may include continued provision through increases in rates  
5 paid for direct hospital services to Medicaid enrollees; and

6           (3) prioritize use of supplemental payments to  
7 encourage continued development of comprehensive local and  
8 regional health care systems that include preventive, primary,  
9 specialty, outpatient, inpatient, mental health, and substance  
10 abuse services for individuals without health insurance.

11           (b) Reimbursement systems under a waiver or other  
12 authorization to which this chapter applies must encourage  
13 value-based payment arrangements for Medicaid providers and  
14 support efforts to promote quality of care.

15           SECTION 4. Section [108.0065](#), Health and Safety Code, is  
16 amended by amending Subsection (e) and redesignating Subsection (h)  
17 as Subsection (f) to read as follows:

18           (e) The commission shall analyze the data collected in  
19 accordance with this section and shall use the data to:

20           (1) evaluate the effectiveness and efficiency of the  
21 Medicaid managed care system;

22           (2) determine the extent to which Medicaid managed  
23 care does or does not serve the needs of Medicaid recipients in this  
24 state; ~~and~~

25           (3) assess the cost-effectiveness of the Medicaid  
26 managed care system in comparison to the fee-for-service system,  
27 considering any improvement in the quality of care provided; and

1           (4) support and assist the commission's activities  
2 conducted pursuant to Section 533.00256, Government Code.

3           (f) [~~(h)~~] The commission, using existing funds, may  
4 contract with an entity to comply with the requirements under  
5 Subsection (e).

6           SECTION 5. If before implementing any provision of this Act  
7 a state agency determines that a waiver or authorization from a  
8 federal agency is necessary for implementation of that provision,  
9 the agency affected by the provision shall request the waiver or  
10 authorization and may delay implementing that provision until the  
11 waiver or authorization is granted.

12           SECTION 6. This Act takes effect immediately if it receives  
13 a vote of two-thirds of all the members elected to each house, as  
14 provided by Section 39, Article III, Texas Constitution. If this  
15 Act does not receive the vote necessary for immediate effect, this  
16 Act takes effect September 1, 2019.