

AN ACT

relating to the administration and operation of Medicaid.

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

SECTION 1. Subchapter B, Chapter 531, Government Code, is amended by adding Section 531.021135 to read as follows:

Sec. 531.021135. COMMISSION'S AUTHORITY TO RETAIN CERTAIN MONEY TO ADMINISTER CERTAIN MEDICAID PROGRAMS; REPORT REQUIRED.

(a) In this section, "directed payment program" means a delivery system and provider patient initiative implemented by this state under 42 C.F.R. Section 438.6(c).

(b) This section applies only to money the commission receives from a source other than the general revenue fund to operate a waiver program established under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315) or a directed payment program or successor program as determined by the commission.

(c) Subject to Subsection (e), the commission may retain from money to which this section applies an amount equal to the estimated costs necessary to administer the program for which the money is received, but not to exceed \$8 million for a state fiscal year.

(d) The commission shall spend money retained under this section to assist in paying the costs necessary to administer the program for which the money is received, except that the commission

1 may not use the money to pay any type of administrative cost that,  
2 before June 1, 2019, was funded with general revenue.

3 (e) If the commission determines that the commission needs  
4 additional money to administer a program described by Subsection  
5 (b), the commission may retain an additional amount with the  
6 approval of the governor and the Legislative Budget Board, but not  
7 to exceed a total retained amount equal to 0.25 percent of the total  
8 amount estimated to be received for the program.

9 (f) The commission shall submit an annual report to the  
10 governor and the Legislative Budget Board that:

11 (1) details the amount of money retained and spent by  
12 the commission under this section during the preceding state fiscal  
13 year, including a separate detail of any increase in the amount of  
14 money retained for a program under Subsection (e);

15 (2) contains a transparent description of how the  
16 commission used the money described by Subdivision (1); and

17 (3) assesses the extent to which the money retained by  
18 the commission under this section covered the estimated costs to  
19 administer the applicable program and states whether, based on that  
20 assessment, the commission adjusted or considered adjustments to  
21 the amount retained.

22 (g) The executive commissioner shall adopt rules necessary  
23 to implement this section.

24 SECTION 2. Section 531.1023, Government Code, is amended to  
25 read as follows:

26 Sec. 531.1023. COMPLIANCE WITH FEDERAL CODING GUIDELINES.

27 (a) The commission's office of inspector general, including

1 office staff and any third party with which the office contracts to  
2 perform coding services, and the commission's medical and  
3 utilization review appeals unit shall comply with federal coding  
4 guidelines, including guidelines for diagnosis-related group (DRG)  
5 validation and related audits.

6 (b) In this section, "federal coding guidelines" means the  
7 code sets and guidelines adopted by the United States Department of  
8 Health and Human Services in accordance with the Health Insurance  
9 Portability and Accountability Act of 1996 (42 U.S.C. Section 1320d  
10 et seq.).

11 SECTION 3. Subchapter A, Chapter 533, Government Code, is  
12 amended by adding Section 533.0031 to read as follows:

13 Sec. 533.0031. MEDICAID MANAGED CARE PLAN ACCREDITATION.

14 (a) A managed care plan offered by a Medicaid managed care  
15 organization must be accredited by a nationally recognized  
16 accreditation organization. The commission may choose whether to  
17 require all managed care plans offered by Medicaid managed care  
18 organizations to be accredited by the same organization or to allow  
19 for accreditation by different organizations.

20 (b) The commission may use the data, scoring, and other  
21 information provided to or received from an accreditation  
22 organization in the commission's contract oversight processes.

23 SECTION 4. The Health and Human Services Commission shall  
24 require that a managed care plan offered by a Medicaid managed care  
25 organization with which the commission enters into or renews a  
26 contract under Chapter 533, Government Code, on or after the  
27 effective date of this Act complies with Section 533.0031,

1 Government Code, as added by this Act, not later than September 1,  
2 2022.

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

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

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 2138 passed the Senate on April 29, 2019, by the following vote: Yeas 30, Nays 1; May 23, 2019, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 23, 2019, House granted request of the Senate; May 26, 2019, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

I hereby certify that S.B. No. 2138 passed the House, with amendments, on May 22, 2019, by the following vote: Yeas 131, Nays 13, two present not voting; May 23, 2019, House granted request of the Senate for appointment of Conference Committee; May 26, 2019, House adopted Conference Committee Report by the following vote: Yeas 125, Nays 21, one present not voting.

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Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor