

Amend HB 2401 on third reading as follows:

(1) Strike amended Sections 533.003(a)(4) and (5), Government Code, and substitute the following:

(4) consider the ability of organizations to process Medicaid claims electronically; ~~[and]~~

(5) in the initial implementation of managed care in the South Texas service region, give extra consideration to an organization that ~~[either:~~

~~[(A)]~~ is locally owned, managed, and operated, if one exists; and

(6) consider the potential benefit to the Medicaid managed care program implemented under this chapter that may be derived from awarding a contract to provide health care services to recipients in a service delivery area to an organization that is licensed under Chapter 843, Insurance Code, and is:

(A) wholly owned and operated by a hospital district in the service delivery area; or

(B) created by a nonprofit organization that has a contract, agreement, or other arrangement with a hospital district in that service delivery area or with a municipality in that service delivery area that owns a hospital licensed under Chapter 241, Health and Safety Code, and has an obligation to provide health care to indigent patients ~~[is in compliance with the requirements of Section 533.004]~~.

(2) Strike SECTION 3 of the bill and substitute the following:

SECTION 3. (a) Except as provided by Subsection (b) of this section, the changes in law made by this Act apply only after the next operational start date of the Health and Human Services Commission's STAR and STAR PLUS procurements. A procurement before the next operational start date for the Health and Human Services Commission's STAR and STAR PLUS is governed by the law in effect before the effective date of this act and the former law is continued in effect for that purpose.

(b) The changes in law made by this Act apply to any STAR KIDS procurement on or after the effective date of this Act.