88R3878 JG-D

By:  Kolkhorst S.B. No. 1629

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain nursing facilities and other long-term care facilities, including licensing requirements and Medicaid participation requirements.

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

SECTION 1.  Section 533.00251(c), Government Code, as effective September 1, 2023, is amended to read as follows:

(c)  Subject to Section 533.0025 and notwithstanding any other law, the commission shall provide benefits under Medicaid to recipients who reside in nursing facilities through the STAR + PLUS Medicaid managed care program. In implementing this subsection, the commission shall ensure:

(1)  that a nursing facility is paid not later than the 10th day after the date the facility submits a clean claim;

(1-a) that a nursing facility complies with the direct care expense ratio adopted under Section 32.0286, Human Resources Code;

(2)  the appropriate utilization of services consistent with criteria established by the commission;

(3)  a reduction in the incidence of potentially preventable events and unnecessary institutionalizations;

(4)  that a managed care organization providing services under the managed care program provides discharge planning, transitional care, and other education programs to physicians and hospitals regarding all available long-term care settings;

(5)  that a managed care organization providing services under the managed care program:

(A)  assists in collecting applied income from recipients; and

(B)  provides payment incentives to nursing facility providers that reward reductions in preventable acute care costs and encourage transformative efforts in the delivery of nursing facility services, including efforts to promote a resident-centered care culture through facility design and services provided;

(6)  the establishment of a portal that is in compliance with state and federal regulations, including standard coding requirements, through which nursing facility providers participating in the STAR + PLUS Medicaid managed care program may submit claims to any participating managed care organization;

(7)  that rules and procedures relating to the certification and decertification of nursing facility beds under Medicaid are not affected;

(8)  that a managed care organization providing services under the managed care program, to the greatest extent possible, offers nursing facility providers access to:

(A)  acute care professionals; and

(B)  telemedicine, when feasible and in accordance with state law, including rules adopted by the Texas Medical Board; and

(9)  that the commission approves the staff rate enhancement methodology for the staff rate enhancement paid to a nursing facility that qualifies for the enhancement under the managed care program.

SECTION 2.  Subchapter A, Chapter 533, Government Code, is amended by adding Section 533.00512 to read as follows:

Sec. 533.00512.  NURSING AND OTHER LONG-TERM CARE FACILITY PROVIDER AGREEMENTS: COMPLIANCE WITH DIRECT CARE EXPENSE RATIO. A contract between a managed care organization and the commission to provide health care services to recipients must require that each provider agreement between the organization and a nursing facility or other long-term care facility include a requirement that the facility comply with the direct care expense ratio adopted under Section 32.0286, Human Resources Code.

SECTION 3.  Section 242.032, Health and Safety Code, is amended by adding Subsection (b-1) to read as follows:

(b-1)  The application must:

(1)  include the name of each person with an ownership interest in:

(A)  the nursing facility, including a subsidiary or parent company of the facility; and

(B)  the real property on which the nursing facility is located, including any owner, common owner, tenant, or sublessee; and

(2)  describe the exact ownership interest of each of those persons in relation to the facility or property.

SECTION 4.  Subchapter B, Chapter 242, Health and Safety Code, is amended by adding Section 242.0333 to read as follows:

Sec. 242.0333.  NOTIFICATION OF CHANGE TO OWNERSHIP INTEREST APPLICATION INFORMATION. A license holder shall notify the commission, in the form and manner the commission requires, of any change to the ownership interest application information provided under Section 242.032(b-1).

SECTION 5.  Section 32.028, Human Resources Code, is amended by amending Subsections (g) and (i) and adding Subsection (i-1) to read as follows:

(g)  Subject to Subsection (i), the executive commissioner shall ensure that the rules governing the determination of rates paid for nursing facility services improve the quality of care by:

(1)  providing a program offering incentives for increasing direct care staff and direct care wages and benefits[~~, but only to the extent that appropriated funds are available after money is allocated to base rate reimbursements as determined by the commission's nursing facility rate setting methodologies~~]; and

(2)  if appropriated funds are available after money is allocated for payment of incentive-based rates under Subdivision (1), providing incentives that incorporate the use of a quality of care index, a customer satisfaction index, and a resolved complaints index developed by the commission.

(i)  The executive commissioner shall ensure that rules governing the incentives program described by Subsection (g)(1):

(1)  provide that participation in the program by a nursing facility is voluntary;

(2)  do not impose on a nursing facility not participating in the program a minimum spending requirement for direct care staff wages and benefits;

(3)  do not set a base rate for a nursing facility participating in the program that is more than the base rate for a nursing facility not participating in the program; [~~and~~]

(4)  establish a funding process to provide incentives for increasing direct care staff and direct care wages and benefits in accordance with appropriations provided; and

(5)  to the extent permitted by federal law, require the commission to recoup all or part of an incentive payment if the nursing facility fails to satisfy a program requirement.

(i-1)  The commission shall use money the commission recoups in accordance with rules adopted under Subsection (i)(5) to continue funding the incentives program described by Subsection (g)(1).

SECTION 6.  Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0286 to read as follows:

Sec. 32.0286.  ANNUAL DIRECT CARE EXPENSE RATIO FOR REIMBURSEMENT OF CERTAIN LONG-TERM CARE FACILITY PROVIDERS. (a) In this section, "direct care expense":

(1)  includes an expense for:

(A)  non-revenue generating support services, such as laundry, housekeeping, dietary services, and nursing administration;

(B)  ancillary services, such as laboratory tests and services, physical therapy services, occupational therapy services, speech-language pathology services, or audiological services; and

(C)  program services, such as an adult day-care program; and

(2)  does not include an expense for:

(A)  administrative costs other than nursing administration;

(B)  capital costs;

(C)  debt service;

(D)  taxes, other than sales and payroll taxes;

(E)  capital depreciation;

(F)  rental or lease payments; or

(G)  financial services.

(b)  Notwithstanding any other law, the executive commissioner by rule shall establish an annual direct care expense ratio, including a process for determining the ratio, applicable to the reimbursement of nursing facility and other long-term care facility providers for providing services to recipients under the medical assistance program. In establishing the ratio, the executive commissioner shall require that at least 80 percent of medical assistance reimbursement amounts paid to a nursing facility or other long-term care facility is spent on direct care expenses.

(c)  The executive commissioner shall adopt rules necessary to ensure each nursing facility provider and other long-term care facility that participates in the medical assistance program complies with the direct care expense ratio adopted under this section.

SECTION 7.  (a) The Health and Human Services Commission shall, in a contract between the commission and a managed care organization under Chapter 533, Government Code, that is entered into or renewed on or after the effective date of this Act, require the managed care organization to comply with Section 533.00512, Government Code, as added by this Act.

(b)  The Health and Human Services Commission shall seek to amend contracts entered into with managed care organizations under Chapter 533, Government Code, before the effective date of this Act to require those managed care organizations to comply with Section 533.00512, Government Code, as added by this Act. To the extent of a conflict between that section and a provision of a contract with a managed care organization entered into before the effective date of this Act, the contract provision prevails.

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

SECTION 9.  This Act takes effect September 1, 2023.