89R3103 JG-D

By:  Kolkhorst S.B. No. 457

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain nursing facilities, including licensing requirements and Medicaid participation requirements.

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

SECTION 1.  Section 540.0752(b), Government Code, as effective April 1, 2025, is amended to read as follows:

(b)  Subject to Section 540.0701 and notwithstanding any other law, the commission shall provide Medicaid benefits through the STAR+PLUS Medicaid managed care program to recipients who reside in nursing facilities. In implementing this subsection, the commission shall ensure that:

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

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

(2)  services are used appropriately, consistent with criteria the commission establishes;

(3)  the incidence of potentially preventable events and unnecessary institutionalizations is reduced;

(4)  a Medicaid managed care organization providing services under the program:

(A)  provides discharge planning, transitional care, and other education programs to physicians and hospitals regarding all available long-term care settings;

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

(C)  provides payment incentives to nursing facility providers that:

(i)  reward reductions in preventable acute care costs; and

(ii)  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;

(5)  a portal is established that complies with state and federal regulations, including standard coding requirements, through which nursing facility providers participating in the program may submit claims to any participating Medicaid managed care organization;

(6)  rules and procedures relating to certifying and decertifying nursing facility beds under Medicaid are not affected;

(7)  a Medicaid managed care organization providing services under the 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

(8)  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 program.

SECTION 2.  Subchapter F, Chapter 540, Government Code, as effective April 1, 2025, is amended by adding Section 540.0283 to read as follows:

Sec. 540.0283.  NURSING FACILITY PROVIDER AGREEMENTS: COMPLIANCE WITH DIRECT CARE EXPENSE RATIO. (a) A contract to which this subchapter applies must require that each provider agreement between the contracting Medicaid managed care organization and a nursing facility include a requirement that the facility comply with the direct care expense ratio adopted under Section 32.0286, Human Resources Code.

(b)  This section does not apply to a state-owned facility.

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 a direct or indirect ownership interest of five percent or more 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 Subsection (i) and adding Subsection (i-1) to read as follows:

(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 prohibit a provider who is the subject of the recoupment of an incentive payment under Subsection (i)(5) from participating in the incentives program described by Subsection (g)(1) for a period of not less than two consecutive years following the date on which the recoupment occurs. The commission shall publish and maintain on the commission's Internet website a list of each provider prohibited from participating in the incentives program under this subsection.

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 NURSING 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 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 the portion of the medical assistance reimbursement amount paid to a nursing facility that is attributable to patient care expenses is spent on reasonable and necessary direct care expenses.

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

(d)  To the extent permitted by federal law, the commission may recoup all or part of the reimbursement amounts paid to a nursing facility that are subject to the direct care expense ratio under this section if the facility fails to spend the reimbursement amounts in accordance with the direct care expense ratio.

(e)  The commission may not require a nursing facility to comply with the direct care expense ratio as a condition of participation in Medicaid.

(f)  This section does not apply to a state-owned facility.

SECTION 7.  (a) The Health and Human Services Commission shall, in a contract between the commission and a managed care organization under Chapter 540, Government Code, as effective April 1, 2025, that is entered into or renewed on or after the effective date of this Act, require the managed care organization to comply with Section 540.0283, 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 540, Government Code, as effective April 1, 2025, before the effective date of this Act to require those managed care organizations to comply with Section 540.0283, 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, 2025.