

AN ACT

relating to the creation and operations of a health care provider participation program in certain counties.

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

SECTION 1. Subtitle D, Title 4, Health and Safety Code, is amended by adding Chapter 292E to read as follows:

CHAPTER 292E. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM IN CERTAIN COUNTIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 292E.001. DEFINITIONS. In this chapter:

(1) "Institutional health care provider" means a nonpublic hospital that provides inpatient hospital services.

(2) "Paying hospital" means an institutional health care provider required to make a mandatory payment under this chapter.

(3) "Program" means a county health care provider participation program authorized by this chapter.

Sec. 292E.002. APPLICABILITY. This chapter applies only to a county that:

(1) is not served by a hospital district; and

(2) is:

(A) a county that:

(i) has a population of more than 46,000 and less than 50,000; and

1                   (ii) is adjacent to the county containing  
2 the state capital;

3                   (B) a county that:

4                   (i) has a population of 900,000 or more; and  
5                   (ii) borders two counties, each of which  
6 has a population of two million or more; or

7                   (C) a county that:

8                   (i) has a population of one million or more;  
9                   (ii) contains all or part of a municipality  
10 with a population of one million or more; and  
11                   (iii) is adjacent to a county with a  
12 population of 2.5 million or more.

13           Sec. 292E.003. COUNTY HEALTH CARE PROVIDER PARTICIPATION  
14 PROGRAM; PARTICIPATION IN PROGRAM. (a) A county health care  
15 provider participation program authorizes a county to collect a  
16 mandatory payment from each institutional health care provider  
17 located in the county to be deposited in a local provider  
18 participation fund established by the county. Money in the fund may  
19 be used by the county as provided by Section 292E.103(b).

20           (b) The commissioners court of a county may adopt an order  
21 authorizing the county to participate in the program, subject to  
22 the limitations provided by this chapter.

23           SUBCHAPTER B. POWERS AND DUTIES OF COMMISSIONERS COURT

24           Sec. 292E.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY  
25 PAYMENTS. The commissioners court of a county may require a  
26 mandatory payment under this chapter by an institutional health  
27 care provider in the county only in the manner provided by this

1 chapter.

2 Sec. 292E.052. MAJORITY VOTE REQUIRED. The commissioners  
3 court of a county may not authorize the county to collect a  
4 mandatory payment under this chapter without an affirmative vote of  
5 a majority of the members of the commissioners court.

6 Sec. 292E.053. RULES AND PROCEDURES. After the  
7 commissioners court of a county has voted to require a mandatory  
8 payment authorized under this chapter, the commissioners court may  
9 adopt rules relating to the administration of the program,  
10 including the collection of a mandatory payment, expenditures, an  
11 audit, and any other administrative aspect of the program.

12 Sec. 292E.054. INSTITUTIONAL HEALTH CARE PROVIDER  
13 REPORTING. (a) The commissioners court of a county that authorizes  
14 the county to participate in a program under this chapter shall  
15 require each institutional health care provider located in the  
16 county to submit to the county a copy of any financial and  
17 utilization data required by and reported to the Department of  
18 State Health Services under Sections [311.032](#) and [311.033](#) and any  
19 rules adopted by the executive commissioner of the Health and Human  
20 Services Commission to implement those sections.

21 (b) The commissioners court may inspect the records of an  
22 institutional health care provider in the county to the extent  
23 necessary to ensure compliance with the requirements of Subsection  
24 (a).

25 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

26 Sec. 292E.101. HEARING. (a) In each year that the  
27 commissioners court of a county authorizes a mandatory payment

1 under this chapter, the commissioners court shall hold a public  
2 hearing on the amounts of any mandatory payments that the county  
3 intends to require during the year and how the revenue derived from  
4 those payments is to be spent.

5 (b) Not later than the fifth day before the date of the  
6 hearing required under Subsection (a), the commissioners court  
7 shall publish notice of the hearing in a newspaper of general  
8 circulation in the county and provide written notice of the hearing  
9 to each institutional health care provider located in the county.

10 (c) A representative of a paying hospital is entitled to  
11 appear at the public hearing and be heard regarding any matter  
12 related to the mandatory payments authorized under this chapter.

13 Sec. 292E.102. LOCAL PROVIDER PARTICIPATION FUND;  
14 DEPOSITORY. (a) The commissioners court of a county that requires  
15 a mandatory payment under this chapter shall create a local  
16 provider participation fund.

17 (b) If the commissioners court of a county creates a local  
18 provider participation fund, the commissioners court shall  
19 designate one or more banks as the depository for the county's local  
20 provider participation fund.

21 (c) The commissioners court may withdraw or use money in the  
22 county's local provider participation fund only for a purpose  
23 authorized under this chapter.

24 (d) All funds collected under this chapter shall be secured  
25 in the manner provided for securing other funds of the county.

26 Sec. 292E.103. LOCAL PROVIDER PARTICIPATION FUND;  
27 AUTHORIZED USES OF MONEY. (a) The local provider participation

fund established by a county under Section 292E.102 consists of:

(1) all revenue received by the county attributable to mandatory payments authorized under this chapter, including any penalties and interest attributable to delinquent payments;

(2) money received from the Health and Human Services Commission as a refund of an intergovernmental transfer described by Subsection (b)(1), provided that the intergovernmental transfer does not receive a federal matching payment; and

(3) the earnings of the fund.

(b) Money deposited to a county's local provider participation fund may be used only to:

(1) fund intergovernmental transfers from the county to the state to provide the nonfederal share of Medicaid payments for:

(A) uncompensated care payments to nonpublic hospitals authorized under the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315), or a successor waiver program authorizing similar Medicaid supplemental payment programs;

(B) uniform rate enhancements or other directed payment programs for nonpublic hospitals;

(C) payments available under another waiver program authorizing payments that are substantially similar to Medicaid payments to nonpublic hospitals described by Paragraph (A) or (B); or

(D) any reimbursement to nonpublic hospitals, or

1 that may benefit nonpublic hospitals as determined by the  
2 commissioners court, for which federal matching funds are  
3 available;

4 (2) subject to Section 292E.151(e), pay the  
5 administrative expenses of the county in administering the program,  
6 including collateralization of deposits;

7 (3) refund all or a portion of a mandatory payment  
8 collected in error from a paying hospital; and

9 (4) refund to paying hospitals a proportionate share  
10 of the money that the county:

11 (A) receives from the Health and Human Services  
12 Commission that is not used to fund the nonfederal share of Medicaid  
13 supplemental payment program payments; or

14 (B) determines cannot be used to fund the  
15 nonfederal share of Medicaid supplemental payment program  
16 payments.

17 (c) Money in the local provider participation fund may not  
18 be commingled with other county money.

19 (d) Notwithstanding any other provision of this chapter,  
20 with respect to an intergovernmental transfer of funds described by  
21 Subsection (b)(1) made by the county, any funds received by the  
22 state, county, or other entity as a result of the transfer may not  
23 be used by the state, county, or other entity to:

24 (1) expand Medicaid eligibility under the Patient  
25 Protection and Affordable Care Act (Pub. L. No. 111-148) as amended  
26 by the Health Care and Education Reconciliation Act of 2010 (Pub. L.  
27 No. 111-152); or

1           (2) fund the nonfederal share of payments to nonpublic  
2 hospitals available through the Medicaid disproportionate share  
3 hospital program.

4                   SUBCHAPTER D. MANDATORY PAYMENTS

5           Sec. 292E.151. MANDATORY PAYMENTS BASED ON PAYING HOSPITAL  
6 NET PATIENT REVENUE. (a) Except as provided by Subsection (f), if  
7 the commissioners court of a county authorizes a program under this  
8 chapter, the commissioners court shall require an annual mandatory  
9 payment to be assessed on the net patient revenue of each  
10 institutional health care provider located in the county. The  
11 commissioners court shall provide for the mandatory payment to be  
12 assessed quarterly. In the first year in which the mandatory  
13 payment is required, the mandatory payment is assessed on the net  
14 patient revenue of an institutional health care provider as  
15 determined by the data reported to the Department of State Health  
16 Services under Sections [311.032](#) and [311.033](#) in the most recent  
17 fiscal year for which that data was reported. If the institutional  
18 health care provider did not report any data under those sections,  
19 the provider's net patient revenue is the amount of that revenue as  
20 contained in the provider's Medicare cost report submitted for the  
21 most recent fiscal year for which the provider submitted the  
22 Medicare cost report. The commissioners court shall update the  
23 amount of the mandatory payment on an annual basis.

24           (b) The commissioners court of a county that requires a  
25 mandatory payment under this chapter shall provide each  
26 institutional health care provider on which the payment will be  
27 assessed written notice of an assessment under this chapter. The

1 institutional health care provider must pay the assessment not  
2 later than the 30th day after the date the provider receives the  
3 written notice.

4 (c) The amount of a mandatory payment authorized under this  
5 chapter must be uniformly proportionate with the amount of net  
6 patient revenue generated by each paying hospital in the county. A  
7 program may not hold harmless any institutional health care  
8 provider, as required under 42 U.S.C. Section 1396b(w) and 42  
9 C.F.R. Section 433.68.

10 (d) The commissioners court of a county that requires a  
11 mandatory payment under this chapter shall set the amount of the  
12 mandatory payment. The aggregate amount of the mandatory payment  
13 required of all paying hospitals in the county may not exceed six  
14 percent of the aggregate net patient revenue from hospital services  
15 provided by all paying hospitals in the county.

16 (e) Subject to Subsection (d), the commissioners court of a  
17 county that requires a mandatory payment under this chapter shall  
18 set the mandatory payments in amounts that in the aggregate will  
19 generate sufficient revenue to cover the administrative expenses of  
20 the county for activities under this chapter and to fund an  
21 intergovernmental transfer described by Section 292E.103(b)(1).  
22 The annual amount of revenue from mandatory payments that may be  
23 used to pay the administrative expenses of the county for  
24 activities under this chapter may not exceed the following amounts,  
25 plus the collateralization of deposits, regardless of the actual  
26 expenses:

27 (1) for a county described by Section 292E.002(2)(A),



1 \$20,000;

2 (2) for a county described by Section 292E.002(2)(B),  
3 \$150,000; or

4 (3) for a county described by Section 292E.002(2)(C),  
5 \$300,000.

6 (f) A paying hospital may not add a mandatory payment  
7 required under this section as a surcharge to a patient.

8 Sec. 292E.152. ASSESSMENT AND COLLECTION OF MANDATORY  
9 PAYMENTS. (a) The county may collect or contract for the assessment  
10 and collection of mandatory payments authorized under this chapter.

11 (b) The person charged by the county with the assessment and  
12 collection of mandatory payments shall charge and deduct from the  
13 mandatory payments collected for the county a collection fee in an  
14 amount not to exceed the person's usual and customary charges for  
15 like services.

16 (c) If the person charged with the assessment and collection  
17 of mandatory payments is an official of the county, any revenue from  
18 a collection fee charged under Subsection (b) shall be deposited in  
19 the county general fund and, if appropriate, shall be reported as  
20 fees of the county.

21 Sec. 292E.153. PURPOSE; CORRECTION OF INVALID PROVISION OR  
22 PROCEDURE; LIMITATION OF AUTHORITY. (a) The purpose of this  
23 chapter is to authorize a county to establish a program to enable  
24 the county to collect mandatory payments from institutional health  
25 care providers to fund the nonfederal share of certain Medicaid  
26 programs as described by Section 292E.103(b)(1).

27 (b) To the extent any provision or procedure under this

chapter causes a mandatory payment authorized under this chapter to be ineligible for federal matching funds, the commissioners court of the county administering the program may provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services. A rule adopted under this section may not create, impose, or materially expand the legal or financial liability or responsibility of the county or an institutional health care provider located in the county beyond the provisions of this chapter. This section does not require the commissioners court of a county to adopt a rule.

(c) A county administering a program may only assess and collect a mandatory payment authorized under this chapter if a waiver program, uniform rate enhancement, or reimbursement described by Section 292E.103(b)(1) is available to the county.

(d) This chapter does not authorize a county administering a program to collect mandatory payments for the purpose of raising general revenue or any amount in excess of the amount reasonably necessary to fund the nonfederal share of a Medicaid supplemental payment program or Medicaid managed care rate enhancements for nonpublic hospitals and to cover the administrative expenses of the county associated with activities under this chapter.

Sec. 292E.154. REPORTING REQUIREMENTS. (a) The commissioners court of a county that authorizes a program under this chapter shall report information to the Health and Human Services Commission regarding the program on a schedule determined by the commission.

1        (b) The information must include:

2                (1) the amount of the mandatory payments required and  
3 collected in each year the program is authorized; and

4                (2) any expenditure or other use of money attributable  
5 to mandatory payments collected under this chapter.

6        (c) The executive commissioner of the Health and Human  
7 Services Commission may adopt rules to administer this section.

8        Sec. 292E.155. AUTHORITY TO REFUSE FOR VIOLATION. The  
9 Health and Human Services Commission may refuse to accept money  
10 from a local provider participation fund administered under this  
11 chapter if the commission determines that acceptance of the money  
12 may violate federal law.

13        Sec. 292E.156. INTEREST AND PENALTIES. The county may  
14 impose and collect interest and penalties on delinquent mandatory  
15 payments assessed under this chapter in any amount that does not  
16 exceed the maximum amount authorized for other delinquent payments  
17 owed to the county.

18        SECTION 2. If before implementing any provision of this Act  
19 a state agency determines that a waiver or authorization from a  
20 federal agency is necessary for implementation of that provision,  
21 the agency affected by the provision shall request the waiver or  
22 authorization and may delay implementing that provision until the  
23 waiver or authorization is granted.

24        SECTION 3. This Act takes effect immediately if it receives  
25 a vote of two-thirds of all the members elected to each house, as  
26 provided by Section 39, Article III, Texas Constitution. If this  
27 Act does not receive the vote necessary for immediate effect, this

H.B. No. 3348

1 Act takes effect September 1, 2025.

H.B. No. 3348

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3348 was passed by the House on May 6, 2025, by the following vote: Yeas 124, Nays 19, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3348 on May 28, 2025, by the following vote: Yeas 106, Nays 29, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3348 was passed by the Senate, with amendments, on May 22, 2025, by the following vote: Yeas 29, Nays 2.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor