

By: Johnson

S.B. No. 1342

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the regulation of psychiatric residential treatment
3 facilities and Medicaid reimbursement for the provision of
4 treatment by those facilities; requiring an occupational license.

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

6 SECTION 1. Section 577.002(b), Health and Safety Code, is
7 amended to read as follows:

8 (b) This chapter does not apply to a psychiatric residential
9 [~~youth~~] treatment facility licensed [~~certified~~] under Chapter
10 577A.

11 SECTION 2. The heading to Chapter 577A, Health and Safety
12 Code, is amended to read as follows:

13 CHAPTER 577A. PSYCHIATRIC RESIDENTIAL [~~YOUTH~~] TREATMENT
14 FACILITIES

15 SECTION 3. Section 577A.001(3), Health and Safety Code, is
16 amended to read as follows:

17 (3) "Psychiatric residential [~~youth~~] treatment
18 facility" means a private facility that provides psychiatric health
19 treatments and services in a residential, nonhospital setting
20 exclusively to individuals who are 21 years of age or younger [~~and~~
21 ~~is licensed as a general residential operation under Chapter 42,~~
22 ~~Human Resources Code~~]. The term includes a facility that provides
23 room and board.

24 SECTION 4. The heading to Subchapter B, Chapter 577A,

1 Health and Safety Code, is amended to read as follows:

2 SUBCHAPTER B. LICENSURE [~~CERTIFICATION~~], FEES, AND INSPECTIONS

3 SECTION 5. Section 577A.051, Health and Safety Code, is
4 amended to read as follows:

5 Sec. 577A.051. LICENSE REQUIRED [~~VOLUNTARY QUALITY~~
6 ~~STANDARDS CERTIFICATION~~]. A person may not operate a psychiatric
7 residential treatment facility without a license issued by the
8 commission [~~The commission shall, using existing resources to the~~
9 ~~extent feasible, develop and implement a voluntary quality~~
10 ~~standards certification process to certify a psychiatric~~
11 ~~residential youth treatment facility that meets standards for~~
12 ~~certification~~] under this chapter.

13 SECTION 6. The heading to Section 577A.052, Health and
14 Safety Code, is amended to read as follows:

15 Sec. 577A.052. LICENSE [~~CERTIFICATE~~] APPLICATION.

16 SECTION 7. Section 577A.052(a), Health and Safety Code, is
17 amended to read as follows:

18 (a) To obtain a license [~~certificate~~] under this chapter, an
19 applicant must submit to the commission an application in the form
20 and manner prescribed by the commission.

21 SECTION 8. Section 577A.053, Health and Safety Code, is
22 amended to read as follows:

23 Sec. 577A.053. FEES. The executive commissioner by rule
24 shall establish a nonrefundable license [~~certificate~~] application
25 fee and a nonrefundable license [~~certificate~~] renewal fee in
26 amounts necessary to cover the costs of administering this chapter.

27 SECTION 9. Section 577A.054, Health and Safety Code, is

1 amended to read as follows:

2 Sec. 577A.054. ISSUANCE AND RENEWAL OF LICENSE
3 ~~[CERTIFICATE]~~. (a) The commission shall issue a license
4 ~~[certificate]~~ to an applicant if on inspection and investigation
5 the commission determines the applicant meets the requirements of
6 this chapter and commission rules. ~~[The commission may not issue to~~
7 ~~an applicant a certificate under this chapter unless the applicant~~
8 ~~is licensed as a general residential operation under Chapter 42,~~
9 ~~Human Resources Code.]~~

10 (b) A license ~~[certificate]~~ issued under this chapter
11 expires on the second anniversary of the date the license
12 ~~[certificate]~~ is issued or renewed.

13 (c) The commission shall renew a license ~~[certificate]~~ if:

14 (1) the license ~~[certificate]~~ holder submits to the
15 commission a fee established by the executive commissioner under
16 Section 577A.053; and

17 (2) on inspection and investigation the commission
18 determines the license ~~[certificate]~~ holder meets the requirements
19 of this chapter and commission rules.

20 SECTION 10. Section 577A.055, Health and Safety Code, is
21 amended to read as follows:

22 Sec. 577A.055. INSPECTIONS. In addition to the inspections
23 required under Section 577A.054, the commission shall conduct an
24 inspection not later than the first anniversary of the date a
25 license ~~[certificate]~~ is issued or renewed to ensure the license
26 ~~[certificate]~~ holder remains in compliance with the requirements of
27 this chapter and commission rules.

1 SECTION 11. The heading to Subchapter C, Chapter 577A,
2 Health and Safety Code, is amended to read as follows:

3 SUBCHAPTER C. REGULATION OF LICENSED [~~CERTIFIED~~] PSYCHIATRIC
4 RESIDENTIAL [~~YOUTH~~] TREATMENT FACILITIES

5 SECTION 12. Section 577A.101, Health and Safety Code, is
6 amended to read as follows:

7 Sec. 577A.101. MINIMUM STANDARDS. The executive
8 commissioner by rule shall establish minimum standards for the
9 licensing [~~certification~~] of psychiatric residential [~~youth~~]
10 treatment facilities under this chapter. The minimum standards
11 must require a facility to:

12 (1) obtain accreditation by The Joint Commission, the
13 Commission on Accreditation of Rehabilitation Facilities, the
14 Council on Accreditation, or another accrediting organization
15 approved by the commission; [~~and~~]

16 (2) provide and prescribe guidelines for the provision
17 of the following activities, treatments, and services:

18 (A) development and implementation of individual
19 plans of care, including the provision of services provided by a
20 licensed psychiatrist or physician to develop individual plans of
21 care;

22 (B) individual therapy;

23 (C) family engagement activities;

24 (D) consultation services with qualified
25 professionals, including case managers, primary care
26 professionals, community-based mental health providers, school
27 staff, and other support planners;

1 (E) 24-hour nursing services; and
2 (F) direct care and supervision services,
3 supportive services for daily living and safety, and positive
4 behavior management services;

5 (3) satisfy federal requirements for a psychiatric
6 residential treatment facility under 42 C.F.R. Section 441.151 et
7 seq. and 42 C.F.R. Section 483.350 et seq.; and

8 (4) satisfy all requirements to be licensed as a
9 general residential operation under Chapter 42, Human Resources
10 Code, and comply with rules adopted under that chapter.

11 SECTION 13. Section 577A.102, Health and Safety Code, is
12 amended to read as follows:

13 Sec. 577A.102. ADMISSION CRITERIA. A facility licensed
14 [~~certified~~] under this chapter may not admit or provide treatments
15 or services to an individual unless the individual:

16 (1) is 21 years of age or younger;

17 (2) has been diagnosed with a severe emotional
18 disturbance by a licensed mental health professional;

19 (3) requires residential psychiatric treatment under
20 the direction of a licensed physician to improve the individual's
21 condition; and

22 (4) was referred for treatments or services in a
23 psychiatric residential [~~youth~~] treatment facility by a licensed
24 mental health professional.

25 SECTION 14. Section 577A.151, Health and Safety Code, is
26 amended to read as follows:

27 Sec. 577A.151. PENALTIES. A facility licensed [~~certified~~]

1 under this chapter is subject to a civil penalty under Section
2 571.023 or an administrative penalty under Section 571.025, as
3 applicable, for a violation of this chapter or a rule adopted under
4 this chapter.

5 SECTION 15. Section 32.024, Human Resources Code, is
6 amended by adding Subsection (ss) to read as follows:

7 (ss) The commission in the commission's rules and standards
8 governing the scope of services provided under the medical
9 assistance program shall include psychiatric treatment and related
10 services provided by a psychiatric residential treatment facility
11 licensed under Chapter 577A, Health and Safety Code, to the extent
12 permitted by federal law.

13 SECTION 16. Section 42.041(b), Human Resources Code, is
14 amended to read as follows:

15 (b) This section does not apply to:

16 (1) a state-operated facility;

17 (2) an agency foster home;

18 (3) a facility that is operated in connection with a
19 shopping center, business, religious organization, or
20 establishment where children are cared for during short periods
21 while parents or persons responsible for the children are attending
22 religious services, shopping, or engaging in other activities,
23 including retreats or classes for religious instruction, on or near
24 the premises, that does not advertise as a child-care facility or
25 day-care center, and that informs parents that it is not licensed by
26 the state;

27 (4) a school or class for religious instruction that

1 does not last longer than two weeks and is conducted by a religious
2 organization during the summer months;

3 (5) a youth camp licensed by the Department of State
4 Health Services;

5 (6) a facility licensed, operated, certified, or
6 registered by another state agency;

7 (7) an educational facility that is accredited by the
8 Texas Education Agency, the Southern Association of Colleges and
9 Schools, or an accreditation body that is a member of the Texas
10 Private School Accreditation Commission and that operates
11 primarily for educational purposes for prekindergarten and above, a
12 before-school or after-school program operated directly by an
13 accredited educational facility, or a before-school or
14 after-school program operated by another entity under contract with
15 the educational facility, if the Texas Education Agency, the
16 Southern Association of Colleges and Schools, or the other
17 accreditation body, as applicable, has approved the curriculum
18 content of the before-school or after-school program operated under
19 the contract;

20 (8) an educational facility that operates solely for
21 educational purposes for prekindergarten through at least grade
22 two, that does not provide custodial care for more than one hour
23 during the hours before or after the customary school day, and that
24 is a member of an organization that promulgates, publishes, and
25 requires compliance with health, safety, fire, and sanitation
26 standards equal to standards required by state, municipal, and
27 county codes;

1 (9) a kindergarten or preschool educational program
2 that is operated as part of a public school or a private school
3 accredited by the Texas Education Agency, that offers educational
4 programs through grade six, and that does not provide custodial
5 care during the hours before or after the customary school day;

6 (10) a family home, whether registered or listed;

7 (11) an educational facility that is integral to and
8 inseparable from its sponsoring religious organization or an
9 educational facility both of which do not provide custodial care
10 for more than two hours maximum per day, and that offers an
11 educational program in one or more of the
12 following: prekindergarten through at least grade three,
13 elementary grades, or secondary grades;

14 (12) an emergency shelter facility, other than a
15 facility that would otherwise require a license as a child-care
16 facility under this section, that provides shelter or care to a
17 minor and the minor's child or children, if any, under Section
18 [32.201](#), Family Code, if the facility:

19 (A) is currently under a contract with a state or
20 federal agency; or

21 (B) meets the requirements listed under Section
22 [51.005\(b\)\(3\)](#);

23 (13) a juvenile detention facility certified under
24 Section [51.12](#), Family Code, a juvenile correctional facility
25 certified under Section [51.125](#), Family Code, a juvenile facility
26 providing services solely for the Texas Juvenile Justice
27 Department, or any other correctional facility for children

1 operated or regulated by another state agency or by a political
2 subdivision of the state;

3 (14) an elementary-age (ages 5-13) recreation program
4 operated by a municipality provided the governing body of the
5 municipality annually adopts standards of care by ordinance after a
6 public hearing for such programs, that such standards are provided
7 to the parents of each program participant, and that the ordinances
8 shall include, at a minimum, staffing ratios, minimum staff
9 qualifications, minimum facility, health, and safety standards,
10 and mechanisms for monitoring and enforcing the adopted local
11 standards; and further provided that parents be informed that the
12 program is not licensed by the state and the program may not be
13 advertised as a child-care facility;

14 (15) an annual youth camp held in a municipality with a
15 population of more than 1.5 million that operates for not more than
16 three months and that has been operated for at least 10 years by a
17 nonprofit organization that provides care for the homeless;

18 (16) a food distribution program that:

19 (A) serves an evening meal to children two years
20 of age or older; and

21 (B) is operated by a nonprofit food bank in a
22 nonprofit, religious, or educational facility for not more than two
23 hours a day on regular business days;

24 (17) a child-care facility that operates for less than
25 three consecutive weeks and less than 40 days in a period of 12
26 months;

27 (18) a program:

1 (A) in which a child receives direct instruction
2 in a single skill, talent, ability, expertise, or proficiency;

3 (B) that does not provide services or offerings
4 that are not directly related to the single talent, ability,
5 expertise, or proficiency;

6 (C) that does not advertise or otherwise
7 represent that the program is a child-care facility, day-care
8 center, or licensed before-school or after-school program or that
9 the program offers child-care services;

10 (D) that informs the parent or guardian:

11 (i) that the program is not licensed by the
12 state; and

13 (ii) about the physical risks a child may
14 face while participating in the program; and

15 (E) that conducts background checks for all
16 program employees and volunteers who work with children in the
17 program using information that is obtained from the Department of
18 Public Safety;

19 (19) an elementary-age (ages 5-13) recreation program
20 that:

21 (A) adopts standards of care, including
22 standards relating to staff ratios, staff training, health, and
23 safety;

24 (B) provides a mechanism for monitoring and
25 enforcing the standards and receiving complaints from parents of
26 enrolled children;

27 (C) does not advertise as or otherwise represent

1 the program as a child-care facility, day-care center, or licensed
2 before-school or after-school program or that the program offers
3 child-care services;

4 (D) informs parents that the program is not
5 licensed by the state;

6 (E) is organized as a nonprofit organization or
7 is located on the premises of a participant's residence;

8 (F) does not accept any remuneration other than a
9 nominal annual membership fee;

10 (G) does not solicit donations as compensation or
11 payment for any good or service provided as part of the program; and

12 (H) conducts background checks for all program
13 employees and volunteers who work with children in the program
14 using information that is obtained from the Department of Public
15 Safety;

16 (20) a living arrangement in a caretaker's home
17 involving one or more children or a sibling group, excluding
18 children who are related to the caretaker, in which the caretaker:

19 (A) had a prior relationship with the child or
20 sibling group or other family members of the child or sibling group;

21 (B) does not care for more than one unrelated
22 child or sibling group;

23 (C) does not receive compensation or solicit
24 donations for the care of the child or sibling group; and

25 (D) has a written agreement with the parent to
26 care for the child or sibling group;

27 (21) a living arrangement in a caretaker's home

1 involving one or more children or a sibling group, excluding
2 children who are related to the caretaker, in which:

3 (A) the department is the managing conservator of
4 the child or sibling group;

5 (B) the department placed the child or sibling
6 group in the caretaker's home; and

7 (C) the caretaker had a long-standing and
8 significant relationship with the child or sibling group, or the
9 family of the child or sibling group, before the child or sibling
10 group was placed with the caretaker;

11 (22) a living arrangement in a caretaker's home
12 involving one or more children or a sibling group, excluding
13 children who are related to the caretaker, in which the child is in
14 the United States on a time-limited visa under the sponsorship of
15 the caretaker or of a sponsoring organization;

16 (23) a facility operated by a nonprofit organization
17 that:

18 (A) does not otherwise operate as a child-care
19 facility that is required to be licensed under this section;

20 (B) provides emergency shelter and care for not
21 more than 15 days to children 13 years of age or older but younger
22 than 18 years of age who are victims of human trafficking alleged
23 under Section [20A.02](#), Penal Code;

24 (C) is located in a municipality with a
25 population of at least 600,000 that is in a county on an
26 international border; and

27 (D) meets one of the following criteria:

1 (i) is licensed by, or operates under an
2 agreement with, a state or federal agency to provide shelter and
3 care to children; or

4 (ii) meets the eligibility requirements for
5 a contract under Section 51.005(b)(3);

6 (24) a facility that provides respite care exclusively
7 for a local mental health authority under a contract with the local
8 mental health authority; ~~or~~

9 (25) a living arrangement in a caretaker's home
10 involving one or more children or a sibling group in which the
11 caretaker:

12 (A) has a written authorization agreement under
13 Chapter 34, Family Code, with the parent of each child or sibling
14 group to care for each child or sibling group;

15 (B) does not care for more than six children,
16 excluding children who are related to the caretaker; and

17 (C) does not receive compensation for caring for
18 any child or sibling group; or

19 (26) a psychiatric residential treatment facility
20 licensed under Chapter 577A, Health and Safety Code.

21 SECTION 17. Section 577A.003, Health and Safety Code, is
22 repealed.

23 SECTION 18. As soon as practicable after the effective date
24 of this Act, the executive commissioner of the Health and Human
25 Services Commission shall adopt rules as necessary to implement the
26 changes in law made by this Act.

27 SECTION 19. If before implementing any provision of this

1 Act a state agency determines that a waiver or authorization from a
2 federal agency is necessary for implementation of that provision,
3 the agency affected by the provision shall request the waiver or
4 authorization and may delay implementing that provision until the
5 waiver or authorization is granted.

6 SECTION 20. Notwithstanding the changes in law made by this
7 Act to Chapter 577A, Health and Safety Code, a psychiatric
8 residential treatment facility that is licensed under Chapter 42,
9 Human Resources Code, on the effective date of this Act is not
10 required to be licensed under Chapter 577A, Health and Safety Code,
11 until the expiration of the facility's license under Chapter 42,
12 Human Resources Code.

13 SECTION 21. This Act takes effect September 1, 2025.