

1-1 By: Flores S.B. No. 2655
1-2 (In the Senate - Filed March 13, 2025; April 3, 2025, read
1-3 first time and referred to Committee on Local Government;
1-4 May 7, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 0; May 7, 2025, sent
1-6 to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
Bettencourt	X			
Middleton	X			
Cook	X			
Gutierrez	X			
Nichols	X			
Paxton	X			
West			X	

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 2655 By: Nichols

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the creation and operations of a health care provider
1-20 participation program in certain counties.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subtitle D, Title 4, Health and Safety Code, is
1-23 amended by adding Chapter 292E to read as follows:

1-24 CHAPTER 292E. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM IN
1-25 CERTAIN COUNTIES

1-26 SUBCHAPTER A. GENERAL PROVISIONS

1-27 Sec. 292E.001. DEFINITIONS. In this chapter:

1-28 (1) "Institutional health care provider" means a
1-29 nonpublic hospital that provides inpatient hospital services.

1-30 (2) "Paying hospital" means an institutional health
1-31 care provider required to make a mandatory payment under this
1-32 chapter.

1-33 (3) "Program" means a county health care provider
1-34 participation program authorized by this chapter.

1-35 Sec. 292E.002. APPLICABILITY. This chapter applies only to
1-36 a county that:

1-37 (1) is not served by a hospital district or a public

1-38 hospital;

1-39 (2) has a population of more than 46,000 and less than
1-40 50,000; and

1-41 (3) is adjacent to the county containing the state
1-42 capital.

1-43 Sec. 292E.003. COUNTY HEALTH CARE PROVIDER PARTICIPATION
1-44 PROGRAM; PARTICIPATION IN PROGRAM. (a) A county health care
1-45 provider participation program authorizes a county to collect a
1-46 mandatory payment from each institutional health care provider
1-47 located in the county to be deposited in a local provider
1-48 participation fund established by the county. Money in the fund may
1-49 be used by the county as provided by Section 292E.103(b).

1-50 (b) The commissioners court of a county may adopt an order
1-51 authorizing the county to participate in the program, subject to
1-52 the limitations provided by this chapter.

1-53 SUBCHAPTER B. POWERS AND DUTIES OF COMMISSIONERS COURT

1-54 Sec. 292E.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY
1-55 PAYMENTS. The commissioners court of a county may require a
1-56 mandatory payment under this chapter by an institutional health
1-57 care provider in the county only in the manner provided by this
1-58 chapter.

1-59 Sec. 292E.052. MAJORITY VOTE REQUIRED. The commissioners
1-60 court of a county may not authorize the county to collect a

2-1 mandatory payment under this chapter without an affirmative vote of
 2-2 a majority of the members of the commissioners court.

2-3 Sec. 292E.053. RULES AND PROCEDURES. After the
 2-4 commissioners court of a county has voted to require a mandatory
 2-5 payment authorized under this chapter, the commissioners court may
 2-6 adopt rules relating to the administration of the program,
 2-7 including the collection of a mandatory payment, expenditures, an
 2-8 audit, and any other administrative aspect of the program.

2-9 Sec. 292E.054. INSTITUTIONAL HEALTH CARE PROVIDER
 2-10 REPORTING. (a) The commissioners court of a county that authorizes
 2-11 the county to participate in a program under this chapter shall
 2-12 require each institutional health care provider located in the
 2-13 county to submit to the county a copy of any financial and
 2-14 utilization data required by and reported to the Department of
 2-15 State Health Services under Sections 311.032 and 311.033 and any
 2-16 rules adopted by the executive commissioner of the Health and Human
 2-17 Services Commission to implement those sections.

2-18 (b) The commissioners court may inspect the records of an
 2-19 institutional health care provider in the county to the extent
 2-20 necessary to ensure compliance with the requirements of Subsection
 2-21 (a).

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

2-23 Sec. 292E.101. HEARING. (a) In each year that the
 2-24 commissioners court of a county authorizes a mandatory payment
 2-25 under this chapter, the commissioners court shall hold a public
 2-26 hearing on the amounts of any mandatory payments that the county
 2-27 intends to require during the year and how the revenue derived from
 2-28 those payments is to be spent.

2-29 (b) Not later than the fifth day before the date of the
 2-30 hearing required under Subsection (a), the commissioners court
 2-31 shall publish notice of the hearing in a newspaper of general
 2-32 circulation in the county and provide written notice of the hearing
 2-33 to each institutional health care provider located in the county.

2-34 (c) A representative of a paying hospital is entitled to
 2-35 appear at the public hearing and be heard regarding any matter
 2-36 related to the mandatory payments authorized under this chapter.

2-37 Sec. 292E.102. LOCAL PROVIDER PARTICIPATION FUND;
 2-38 DEPOSITORY. (a) The commissioners court of a county that requires
 2-39 a mandatory payment under this chapter shall create a local
 2-40 provider participation fund.

2-41 (b) If the commissioners court of a county creates a local
 2-42 provider participation fund, the commissioners court shall
 2-43 designate one or more banks as the depository for the county's local
 2-44 provider participation fund.

2-45 (c) The commissioners court may withdraw or use money in the
 2-46 county's local provider participation fund only for a purpose
 2-47 authorized under this chapter.

2-48 (d) All funds collected under this chapter shall be secured
 2-49 in the manner provided for securing other funds of the county.

2-50 Sec. 292E.103. LOCAL PROVIDER PARTICIPATION FUND;
 2-51 AUTHORIZED USES OF MONEY. (a) The local provider participation
 2-52 fund established by a county under Section 292E.102 consists of:

2-53 (1) all revenue received by the county attributable to
 2-54 mandatory payments authorized under this chapter, including any
 2-55 penalties and interest attributable to delinquent payments;

2-56 (2) money received from the Health and Human Services
 2-57 Commission as a refund of an intergovernmental transfer described
 2-58 by Subsection (b)(1), provided that the intergovernmental transfer
 2-59 does not receive a federal matching payment; and

2-60 (3) the earnings of the fund.

2-61 (b) Money deposited to a county's local provider
 2-62 participation fund may be used only to:

2-63 (1) fund intergovernmental transfers from the county
 2-64 to the state to provide the nonfederal share of Medicaid payments
 2-65 for:

2-66 (A) uncompensated care payments to nonpublic
 2-67 hospitals authorized under the Texas Healthcare Transformation and
 2-68 Quality Improvement Program waiver issued under Section 1115 of the
 2-69 federal Social Security Act (42 U.S.C. Section 1315), or a

3-1 successor waiver program authorizing similar Medicaid supplemental
 3-2 payment programs;

3-3 (B) uniform rate enhancements or other directed
 3-4 payment programs for nonpublic hospitals;

3-5 (C) payments available under another waiver
 3-6 program authorizing payments that are substantially similar to
 3-7 Medicaid payments to nonpublic hospitals described by Paragraph (A)
 3-8 or (B); or

3-9 (D) any reimbursement to nonpublic hospitals, or
 3-10 that may benefit nonpublic hospitals as determined by the
 3-11 commissioners court, for which federal matching funds are
 3-12 available;

3-13 (2) subject to Section 292E.151(e), pay the
 3-14 administrative expenses of the county in administering the program,
 3-15 including collateralization of deposits;

3-16 (3) refund all or a portion of a mandatory payment
 3-17 collected in error from a paying hospital; and

3-18 (4) refund to paying hospitals a proportionate share
 3-19 of the money that the county:

3-20 (A) receives from the Health and Human Services
 3-21 Commission that is not used to fund the nonfederal share of Medicaid
 3-22 supplemental payment program payments; or

3-23 (B) determines cannot be used to fund the
 3-24 nonfederal share of Medicaid supplemental payment program
 3-25 payments.

3-26 (c) Money in the local provider participation fund may not
 3-27 be commingled with other county money.

3-28 (d) Notwithstanding any other provision of this chapter,
 3-29 with respect to an intergovernmental transfer of funds described by
 3-30 Subsection (b)(1) made by the county, any funds received by the
 3-31 state, county, or other entity as a result of the transfer may not
 3-32 be used by the state, county, or other entity to expand Medicaid
 3-33 eligibility under the Patient Protection and Affordable Care Act
 3-34 (Pub. L. No. 111-148) as amended by the Health Care and Education
 3-35 Reconciliation Act of 2010 (Pub. L. No. 111-152).

SUBCHAPTER D. MANDATORY PAYMENTS

3-37 Sec. 292E.151. MANDATORY PAYMENTS BASED ON PAYING HOSPITAL
 3-38 NET PATIENT REVENUE. (a) Except as provided by Subsection (f), if
 3-39 the commissioners court of a county authorizes a program under this
 3-40 chapter, the commissioners court shall require an annual mandatory
 3-41 payment to be assessed on the net patient revenue of each
 3-42 institutional health care provider located in the county. The
 3-43 commissioners court shall provide for the mandatory payment to be
 3-44 assessed quarterly. In the first year in which the mandatory
 3-45 payment is required, the mandatory payment is assessed on the net
 3-46 patient revenue of an institutional health care provider as
 3-47 determined by the data reported to the Department of State Health
 3-48 Services under Sections 311.032 and 311.033 in the most recent
 3-49 fiscal year for which that data was reported. If the institutional
 3-50 health care provider did not report any data under those sections,
 3-51 the provider's net patient revenue is the amount of that revenue as
 3-52 contained in the provider's Medicare cost report submitted for the
 3-53 most recent fiscal year for which the provider submitted the
 3-54 Medicare cost report. The commissioners court shall update the
 3-55 amount of the mandatory payment on an annual basis.

3-56 (b) The commissioners court of a county that requires a
 3-57 mandatory payment under this chapter shall provide each
 3-58 institutional health care provider on which the payment will be
 3-59 assessed written notice of an assessment under this chapter. The
 3-60 institutional health care provider must pay the assessment not
 3-61 later than the 30th day after the date the provider receives the
 3-62 written notice.

3-63 (c) The amount of a mandatory payment authorized under this
 3-64 chapter must be uniformly proportionate with the amount of net
 3-65 patient revenue generated by each paying hospital in the county. A
 3-66 program may not hold harmless any institutional health care
 3-67 provider, as required under 42 U.S.C. Section 1396b(w) and 42
 3-68 C.F.R. Section 433.68.

3-69 (d) The commissioners court of a county that requires a

4-1 mandatory payment under this chapter shall set the amount of the
4-2 mandatory payment. The aggregate amount of the mandatory payment
4-3 required of all paying hospitals in the county may not exceed six
4-4 percent of the aggregate net patient revenue from hospital services
4-5 provided by all paying hospitals in the county.

4-6 (e) Subject to Subsection (d), the commissioners court of a
4-7 county that requires a mandatory payment under this chapter shall
4-8 set the mandatory payments in amounts that in the aggregate will
4-9 generate sufficient revenue to cover the administrative expenses of
4-10 the county for activities under this chapter and to fund an
4-11 intergovernmental transfer described by Section 292E.103(b)(1).
4-12 The annual amount of revenue from mandatory payments that may be
4-13 used to pay the administrative expenses of the county for
4-14 activities under this chapter may not exceed \$20,000, plus the cost
4-15 of collateralization of deposits, regardless of actual expenses.

4-16 (f) A paying hospital may not add a mandatory payment
4-17 required under this section as a surcharge to a patient.

4-18 Sec. 292E.152. ASSESSMENT AND COLLECTION OF MANDATORY
4-19 PAYMENTS. (a) The county may collect or contract for the assessment
4-20 and collection of mandatory payments authorized under this chapter.

4-21 (b) The person charged by the county with the assessment and
4-22 collection of mandatory payments shall charge and deduct from the
4-23 mandatory payments collected for the county a collection fee in an
4-24 amount not to exceed the person's usual and customary charges for
4-25 like services.

4-26 (c) If the person charged with the assessment and collection
4-27 of mandatory payments is an official of the county, any revenue from
4-28 a collection fee charged under Subsection (b) shall be deposited in
4-29 the county general fund and, if appropriate, shall be reported as
4-30 fees of the county.

4-31 Sec. 292E.153. PURPOSE; CORRECTION OF INVALID PROVISION OR
4-32 PROCEDURE; LIMITATION OF AUTHORITY. (a) The purpose of this
4-33 chapter is to authorize a county to establish a program to enable
4-34 the county to collect mandatory payments from institutional health
4-35 care providers to fund the nonfederal share of certain Medicaid
4-36 programs as described by Section 292E.103(b)(1).

4-37 (b) To the extent any provision or procedure under this
4-38 chapter causes a mandatory payment authorized under this chapter to
4-39 be ineligible for federal matching funds, the commissioners court
4-40 of the county administering the program may provide by rule for an
4-41 alternative provision or procedure that conforms to the
4-42 requirements of the federal Centers for Medicare and Medicaid
4-43 Services. A rule adopted under this section may not create, impose,
4-44 or materially expand the legal or financial liability or
4-45 responsibility of the county or an institutional health care
4-46 provider located in the county beyond the provisions of this
4-47 chapter. This section does not require the commissioners court of a
4-48 county to adopt a rule.

4-49 (c) A county administering a program may only assess and
4-50 collect a mandatory payment authorized under this chapter if a
4-51 waiver program, uniform rate enhancement, or reimbursement
4-52 described by Section 292E.103(b)(1) is available to the county.

4-53 Sec. 292E.154. REPORTING REQUIREMENTS. (a) The
4-54 commissioners court of a county that authorizes a program under
4-55 this chapter shall report information to the Health and Human
4-56 Services Commission regarding the program on a schedule determined
4-57 by the commission.

4-58 (b) The information must include:

4-59 (1) the amount of the mandatory payments required and
4-60 collected in each year the program is authorized; and
4-61 (2) any expenditure or other use of money attributable
4-62 to mandatory payments collected under this chapter.

4-63 (c) The executive commissioner of the Health and Human
4-64 Services Commission may adopt rules to administer this section.

4-65 Sec. 292E.155. AUTHORITY TO REFUSE FOR VIOLATION. The
4-66 Health and Human Services Commission may refuse to accept money
4-67 from a local provider participation fund administered under this
4-68 chapter if the commission determines that acceptance of the money
4-69 may violate federal law.

5-1 Sec. 292E.156. INTEREST AND PENALTIES. The county may
5-2 impose and collect interest and penalties on delinquent mandatory
5-3 payments assessed under this chapter in any amount that does not
5-4 exceed the maximum amount authorized for other delinquent payments
5-5 owed to the county.

5-6 SECTION 2. If before implementing any provision of this Act
5-7 a state agency determines that a waiver or authorization from a
5-8 federal agency is necessary for implementation of that provision,
5-9 the agency affected by the provision shall request the waiver or
5-10 authorization and may delay implementing that provision until the
5-11 waiver or authorization is granted.

5-12 SECTION 3. This Act takes effect immediately if it receives
5-13 a vote of two-thirds of all the members elected to each house, as
5-14 provided by Section 39, Article III, Texas Constitution. If this
5-15 Act does not receive the vote necessary for immediate effect, this
5-16 Act takes effect September 1, 2025.

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