

Chapter 111

H.B. No. 3954

AN ACT

relating to the creation and operations of health care provider participation programs 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 292B to read as follows:

CHAPTER 292B. COUNTY HEALTH CARE PROVIDER PARTICIPATION PROGRAM IN CERTAIN COUNTIES BORDERING COUNTY CONTAINING STATE CAPITAL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 292B.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 the county health care provider participation program authorized by this chapter.

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

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

(2) has a population of more than 400,000; and

(3) is adjacent to the county containing the state capital.

1 Sec. 292B.003. COUNTY HEALTH CARE PROVIDER PARTICIPATION
2 PROGRAM; PARTICIPATION IN PROGRAM. (a) A county health care
3 provider participation program authorizes a county to collect a
4 mandatory payment from each institutional health care provider
5 located in the county to be deposited in a local provider
6 participation fund established by the county. Money in the fund may
7 be used by the county to fund certain intergovernmental transfers
8 and indigent care programs as provided by this chapter.

9 (b) The commissioners court may adopt an order authorizing a
10 county to participate in the program, subject to the limitations
11 provided by this chapter.

12 SUBCHAPTER B. POWERS AND DUTIES OF COMMISSIONERS COURT

13 Sec. 292B.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY
14 PAYMENT. The commissioners court of a county may require a
15 mandatory payment authorized under this chapter by an institutional
16 health care provider in the county only in the manner provided by
17 this chapter.

18 Sec. 292B.052. MAJORITY VOTE REQUIRED. The commissioners
19 court of a county may not authorize the county to collect a
20 mandatory payment authorized under this chapter without an
21 affirmative vote of a majority of the members of the commissioners
22 court.

23 Sec. 292B.053. RULES AND PROCEDURES. After the
24 commissioners court of a county has voted to require a mandatory
25 payment authorized under this chapter, the commissioners court may
26 adopt rules relating to the administration of the mandatory
27 payment.

1 Sec. 292B.054. INSTITUTIONAL HEALTH CARE PROVIDER
2 REPORTING; INSPECTION OF RECORDS. (a) The commissioners court of a
3 county that collects a mandatory payment authorized under this
4 chapter shall require each institutional health care provider to
5 submit to the county a copy of any financial and utilization data
6 required by and reported to the Department of State Health Services
7 under Sections 311.032 and 311.033 and any rules adopted by the
8 executive commissioner of the Health and Human Services Commission
9 to implement those sections.

10 (b) The commissioners court of a county that collects a
11 mandatory payment authorized under this chapter may inspect the
12 records of an institutional health care provider to the extent
13 necessary to ensure compliance with the requirements of Subsection
14 (a).

15 SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

16 Sec. 292B.101. HEARING. (a) Each year, the commissioners
17 court of a county that collects a mandatory payment authorized
18 under this chapter shall hold a public hearing on the amounts of any
19 mandatory payments that the commissioners court intends to require
20 during the year.

21 (b) Not later than the fifth day before the date of the
22 hearing required under Subsection (a), the commissioners court of
23 the county shall publish notice of the hearing in a newspaper of
24 general circulation in the county.

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

1 Sec. 292B.102. DEPOSITORY. (a) The commissioners court of
2 each county that collects a mandatory payment authorized under this
3 chapter by resolution shall designate one or more banks located in
4 the county as the depository for mandatory payments received by the
5 county.

6 (b) All income received by a county under this chapter,
7 including the revenue from mandatory payments remaining after
8 discounts and fees for assessing and collecting the payments are
9 deducted, shall be deposited with the county depository in the
10 county's local provider participation fund and may be withdrawn
11 only as provided by this chapter.

12 (c) All funds under this chapter shall be secured in the
13 manner provided for securing county funds.

14 Sec. 292B.103. LOCAL PROVIDER PARTICIPATION FUND;
15 AUTHORIZED USES OF MONEY. (a) Each county that collects a
16 mandatory payment authorized under this chapter shall create a
17 local provider participation fund.

18 (b) The local provider participation fund of a county
19 consists of:

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

23 (2) money received from the Health and Human Services
24 Commission as a refund of an intergovernmental transfer from the
25 county to the state for the purpose of providing the nonfederal
26 share of Medicaid supplemental payment program payments, provided
27 that the intergovernmental transfer does not receive a federal

1 matching payment; and

2 (3) the earnings of the fund.

3 (c) Money deposited to the local provider participation
4 fund may be used only to:

5 (1) fund intergovernmental transfers from the county
6 to the state to provide:

7 (A) the nonfederal share of a Medicaid
8 supplemental payment program authorized under the state Medicaid
9 plan, the Texas Healthcare Transformation and Quality Improvement
10 Program waiver issued under Section 1115 of the federal Social
11 Security Act (42 U.S.C. Section 1315), or a successor waiver
12 program authorizing similar Medicaid supplemental payment
13 programs; or

14 (B) payments to Medicaid managed care
15 organizations that are dedicated for payment to hospitals;

16 (2) subsidize indigent programs;

17 (3) pay the administrative expenses of the county
18 solely for activities under this chapter;

19 (4) refund a portion of a mandatory payment collected
20 in error from a paying hospital; and

21 (5) refund to paying hospitals the proportionate share
22 of money received by the county that is not used to fund the
23 nonfederal share of Medicaid supplemental payment program
24 payments.

25 (d) Money in the local provider participation fund may not
26 be commingled with other county funds.

27 (e) An intergovernmental transfer of funds described by

1 Subsection (c)(1) and any funds received by the county as a result
2 of an intergovernmental transfer described by that subsection may
3 not be used by the county or any other entity to expand Medicaid
4 eligibility under the Patient Protection and Affordable Care Act
5 (Pub. L. No. 111-148) as amended by the Health Care and Education
6 Reconciliation Act of 2010 (Pub. L. No. 111-152).

7 SUBCHAPTER D. MANDATORY PAYMENTS

8 Sec. 292B.151. MANDATORY PAYMENTS BASED ON PAYING HOSPITAL
9 NET PATIENT REVENUE. (a) Except as provided by Subsection (e), the
10 commissioners court of a county that collects a mandatory payment
11 authorized under this chapter may require an annual mandatory
12 payment to be assessed on the net patient revenue of each
13 institutional health care provider located in the county. The
14 commissioners court may provide for the mandatory payment to be
15 assessed quarterly. In the first year in which the mandatory
16 payment is required, the mandatory payment is assessed on the net
17 patient revenue of an institutional health care provider as
18 determined by the data reported to the Department of State Health
19 Services under Sections 311.032 and 311.033 in the fiscal year
20 ending in 2015 or, if the institutional health care provider did not
21 report any data under those sections in that fiscal year, as
22 determined by the institutional health care provider's Medicare
23 cost report submitted for the 2015 fiscal year or for the closest
24 subsequent fiscal year for which the provider submitted the
25 Medicare cost report. The county shall update the amount of the
26 mandatory payment on an annual basis.

27 (b) The amount of a mandatory payment authorized under this

1 chapter must be uniformly proportionate with the amount of net
2 patient revenue generated by each paying hospital in the county. A
3 mandatory payment authorized under this chapter may not hold
4 harmless any institutional health care provider, as required under
5 42 U.S.C. Section 1396b(w).

6 (c) The commissioners court of a county that collects a
7 mandatory payment authorized under this chapter shall set the
8 amount of the mandatory payment. The amount of the mandatory
9 payment required of each paying hospital may not exceed six percent
10 of the paying hospital's net patient revenue.

11 (d) Subject to the maximum amount prescribed by Subsection
12 (c), the commissioners court of a county that collects a mandatory
13 payment authorized under this chapter shall set the mandatory
14 payments in amounts that in the aggregate will generate sufficient
15 revenue to cover the administrative expenses of the county for
16 activities under this chapter, to fund an intergovernmental
17 transfer described by Section 292B.103(c)(1), and to pay for
18 indigent programs, except that the amount of revenue from mandatory
19 payments used for administrative expenses of the county for
20 activities under this chapter in a year may not exceed the lesser of
21 four percent of the total revenue generated from the mandatory
22 payment or \$20,000.

23 (e) A paying hospital may not add a mandatory payment
24 required under this section as a surcharge to a patient.

25 Sec. 292B.152. ASSESSMENT AND COLLECTION OF MANDATORY
26 PAYMENTS. The county may collect or contract for the assessment and
27 collection of mandatory payments authorized under this chapter.

1 Sec. 292B.153. INTEREST, PENALTIES, AND DISCOUNTS.

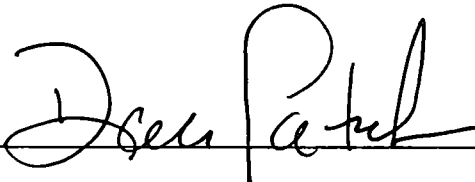
2 Interest, penalties, and discounts on mandatory payments required
3 under this chapter are governed by the law applicable to county ad
4 valorem taxes.

5 Sec. 292B.154. PURPOSE; CORRECTION OF INVALID PROVISION OR
6 PROCEDURE. (a) The purpose of this chapter is to generate revenue
7 by collecting from institutional health care providers a mandatory
8 payment to be used to provide the nonfederal share of a Medicaid
9 supplemental payment program.

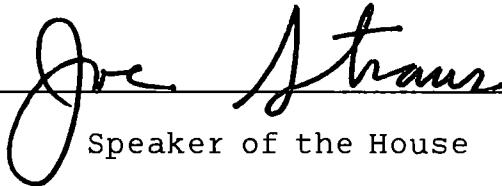
10 (b) To the extent any provision or procedure under this
11 chapter causes a mandatory payment authorized under this chapter to
12 be ineligible for federal matching funds, the county may provide by
13 rule for an alternative provision or procedure that conforms to the
14 requirements of the federal Centers for Medicare and Medicaid
15 Services.

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

22 SECTION 3. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2017.



President of the Senate



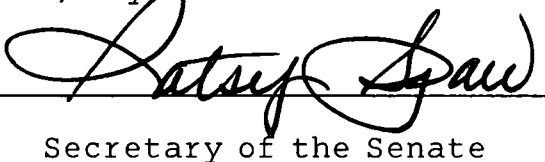
Speaker of the House

I certify that H.B. No. 3954 was passed by the House on April 27, 2017, by the following vote: Yeas 141, Nays 3, 3 present, not voting.



Chief Clerk of the House

I certify that H.B. No. 3954 was passed by the Senate on May 19, 2017, by the following vote: Yeas 29, Nays 2.



Secretary of the Senate

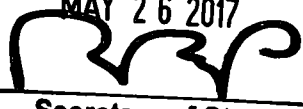
APPROVED: _____

Date

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
7 PM O'CLOCK

MAY 26 2017



Secretary of State

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 8, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3954 by Gonzales, Larry (Relating to the creation and operations of health care provider participation programs in certain counties.), **As Engrossed**

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| <p>No significant fiscal implication to the State is anticipated.</p> |
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The bill would amend the Health and Safety Code by adding a chapter to establish a health care provider participation program for certain counties that have a population of more than 400,000 and are adjacent to the county containing the capital of the state. The health care provider participation program would authorize a county to collect mandatory payments from nonpublic hospitals licensed under Chapter 241. These payments would be deposited into a local provider participation fund to fund intergovernmental transfers and subsidize indigent care programs. Intergovernmental transfers would be used by the Health and Human Services Commission (HHSC) as the nonfederal share to draw down Medicaid supplemental payments including payments to the Medicaid managed care program that are dedicated for payment to hospitals. The bill specifies that if a state agency determines that a waiver from a federal agency is necessary, the agency shall request the waiver and delay implementation until such waiver is received.

The nonfederal share of Texas Medicaid supplemental payments is provided largely by local public funds provided to HHSC by intergovernmental transfer. The bill's amendments do not contain any implications for state General Revenue funds. According to the Department of Health and Human Services, there would be no significant fiscal impact to the agency resulting from implementation of the bill.

According to the Health and Human Services Commission, there is no significant fiscal impact to the state anticipated from the bill.

This bill would take effect immediately if it receives a vote of two-thirds of each house. If the bill does not receive the vote necessary for immediate effect it would take effect September 1, 2017.

Local Government Impact

The Health and Human Services Commission assumes there is no fiscal impact to local government entities from the bill.

According to Williamson County, no significant fiscal impact to the County is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: UP, KCA, GP, JGA, GG, TBo

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 14, 2017

TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3954 by Gonzales, Larry (Relating to the creation and operations of health care provider participation programs in certain counties.), **Committee Report 1st House, Substituted**

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LBB Staff: UP, GP, JGA, GG, TBo

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 9, 2017

TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3954 by Gonzales, Larry (Relating to the creation and operations of health care provider participation programs in certain counties.), **As Introduced**

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| <p>No significant fiscal implication to the State is anticipated.</p> |
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The bill would amend the Health and Safety Code by adding a chapter to establish a health care provider participation program for certain counties that have a population more than 400,000 and adjacent to the country containing the capital of the state. The health care provider participation program would authorize a county to collect mandatory payments from nonpublic hospitals licensed under Chapter 241. These payments would be deposited into a local provider participation fund to fund intergovernmental transfers and subsidize indigent care programs. Intergovernmental transfers would be used by the Health and Human Services Commission (HHSC) as the nonfederal share to draw down Medicaid supplemental payments including payments to the Medicaid managed care program that are dedicated for payment to hospitals. The bill specifies that if a state agency determines that a waiver from a federal agency is necessary, the agency shall request the waiver and delay implementation until such waiver is received.

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