

By: Price

H.B. No. 4077

A BILL TO BE ENTITLED

AN ACT

relating to rural hospitals and similar facilities; requiring a license; authorizing fees.

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

SECTION 1. Chapter 531, Government Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. RURAL HOSPITALS

Sec. 531.201. STRATEGIC PLAN; REPORT. (a) The commission shall develop and implement a strategic plan to ensure that the citizens of this state residing in rural areas have access to hospital services.

(b) The strategic plan must include:

(1) a proposal for using at least one of the following methods to ensure access to hospital services in the rural areas of this state:

(A) an enhanced cost reimbursement methodology for the payment of rural hospitals participating in the Medicaid managed care program in conjunction with a supplemental payment program for rural hospitals to cover costs incurred in providing services to recipients;

(B) a hospital rate enhancement program that applies only to rural hospitals;

(C) a reduction of punitive actions under the Medicaid program that require reimbursement for Medicaid payments

1 made to the provider, if the provider is a rural hospital, a  
2 reduction of the frequency of payment reductions under the Medicaid  
3 program made to rural hospitals, and an enhancement of payments  
4 made under merit-based programs or similar programs for rural  
5 hospitals;

6 (D) a reduction of state regulatory-related  
7 costs related to the commission's review of rural hospitals; or

8 (E) in accordance with rules adopted by the  
9 Centers for Medicare and Medicaid Services, the establishment of a  
10 minimum fee schedule that applies to payments made by managed care  
11 organizations to rural hospitals; and

12 (2) target dates for achieving goals related to the  
13 proposal described by Subdivision (1).

14 (c) Not later than January 1, 2020, the commission shall  
15 submit the strategic plan developed under Subsection (b) to the  
16 Legislative Budget Board for comment and review. The commission  
17 may not begin implementation of the proposal contained in the  
18 strategic plan until the strategic plan is approved by the  
19 Legislative Budget Board.

20 (d) Not later than November 1 of each even-numbered year,  
21 the commission shall submit a report regarding the commission's  
22 development and implementation of the strategic plan described by  
23 Subsection (b) to:

24 (1) the legislature;

25 (2) the governor; and

26 (3) the Legislative Budget Board.

27 Sec. 531.202. ADVISORY COMMITTEE ON RURAL HOSPITALS. (a)

1 The commission shall establish the Rural Hospital Advisory  
2 Committee, either as another advisory committee or as a  
3 subcommittee of the Hospital Payment Advisory Committee, to advise  
4 the commission on issues relating specifically to rural hospitals.

5 (b) The Rural Hospital Advisory Committee is composed of  
6 interested persons appointed by the executive commissioner.  
7 Section 2110.002 does not apply to the advisory committee.

8 (c) A member of the advisory committee serves without  
9 compensation.

10 Sec. 531.203. COLLABORATION WITH OFFICE OF RURAL AFFAIRS.  
11 The commission shall collaborate with the Office of Rural Affairs  
12 to ensure that this state is pursuing to the fullest extent possible  
13 federal grants, funding opportunities, and support programs  
14 available to rural hospitals as administered by the Health  
15 Resources and Services Administration and the Office of Minority  
16 Health in the United States Department of Health and Human  
17 Services.

18 SECTION 2. Subchapter A, Chapter 533, Government Code, is  
19 amended by adding Section 533.0041 to read as follows:

20 Sec. 533.0041. REIMBURSEMENT METHODOLOGY FOR RURAL  
21 HOSPITALS. To the extent allowed by federal law and  
22 notwithstanding any state law, the executive commissioner shall by  
23 rule adopt a reimbursement methodology for the payment of rural  
24 hospitals participating in the Medicaid managed care program that  
25 ensures the rural hospitals are reimbursed on an individual basis  
26 that allows the rural hospitals to fully recover allowable costs  
27 incurred in providing services to recipients. In adopting rules

under this section, the executive commissioner:

(1) may adopt a methodology that requires:

(A) the commission to directly reimburse rural hospitals for allowable costs; or

(B) a managed care organization to reimburse rural hospitals; and

(2) shall define "allowable costs" and "rural hospital" for purposes of this section.

SECTION 3. Chapter 241, Health and Safety Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. LIMITED SERVICES RURAL HOSPITAL

Sec. 241.301. DEFINITION. In this subchapter, "limited services rural hospital" means a general or special hospital that is or was licensed under this chapter and that:

(1) is:

(A) located in a rural area, as defined by:

(i) commission rule; or

(ii) 42 U.S.C. Section 1395ww(d)(2)(D); or

(B) designated by the Centers for Medicare and Medicaid Services as a critical access hospital, rural referral center, or sole community hospital; and

(2) otherwise meets the requirements to be designated as a limited services rural hospital or a similarly designated hospital under federal law.

Sec. 241.302. LICENSE REQUIRED; FEES. (a) A person may not establish, conduct, or maintain a limited services rural hospital unless:

1           (1) the United States Congress passes a bill creating  
2 a payment program specifically for limited services rural hospitals  
3 or similarly designated hospitals that becomes law; and

4           (2) the commission issues a license to the person to  
5 establish, conduct, or maintain a limited services rural hospital  
6 under this subchapter.

7           (b) If the United States Congress enacts a bill described by  
8 Subsection (a)(1) that becomes law, the commission shall adopt  
9 rules:

10           (1) establishing minimum standards for the  
11 facilities; and

12           (2) implementing this section.

13           (c) The standards adopted under Subsection (b) must be at  
14 least as stringent as the standards established in the law  
15 described by Subsection (a) for eligibility to qualify for a  
16 payment program established by the law.

17           (d) An applicant for a license under this section must:

18           (1) submit an application for the license to the  
19 commission in a form and manner prescribed by the commission; and

20           (2) pay any required fee.

21           (e) The commission shall issue a license to act as a limited  
22 services rural hospital under this subchapter if the applicant  
23 complies with the rules and standards adopted under this section.

24           (f) The commission by order may waive or modify the  
25 requirement of a particular provision of this chapter or a standard  
26 adopted under this section if the commission determines that the  
27 waiver or modification will facilitate the creation or operation of

1 the facility and that the waiver or modification is in the best  
2 interests of the individuals served or to be served by the facility.  
3 Sections 241.026(d) and (e) apply to a waiver or modification under  
4 this section for a limited services rural hospital in the same  
5 manner as the subsections apply to a waiver or modification for a  
6 hospital.

7 (g) A provision of this chapter related to the enforcement  
8 authority of the commission applies to a limited services rural  
9 hospital.

10 SECTION 4. This Act takes effect September 1, 2019.