

1-1 By: Kolkhorst, Perry S.B. No. 1622
 1-2 (In the Senate - Filed March 6, 2019; March 14, 2019, read
 1-3 first time and referred to Committee on Health & Human Services;
 1-4 April 1, 2019, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 8, Nays 0; April 1, 2019,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1622 By: Johnson

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to rural hospitals and similar facilities; requiring a
 1-22 license; authorizing fees.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 531, Government Code, is amended by
 1-25 adding Subchapter G to read as follows:

1-26 SUBCHAPTER G. RURAL HOSPITALS

1-27 Sec. 531.201. STRATEGIC PLAN; REPORT. (a) The commission
 1-28 shall develop and implement a strategic plan to ensure that the
 1-29 citizens of this state residing in rural areas have access to
 1-30 hospital services.

1-31 (b) The strategic plan must include:

1-32 (1) a proposal for using at least one of the following
 1-33 methods to ensure access to hospital services in the rural areas of
 1-34 this state:

1-35 (A) an enhanced cost reimbursement methodology
 1-36 for the payment of rural hospitals participating in the Medicaid
 1-37 managed care program in conjunction with a supplemental payment
 1-38 program for rural hospitals to cover costs incurred in providing
 1-39 services to recipients;

1-40 (B) a hospital rate enhancement program that
 1-41 applies only to rural hospitals;

1-42 (C) a reduction of punitive actions under the
 1-43 Medicaid program that require reimbursement for Medicaid payments
 1-44 made to the provider, if the provider is a rural hospital, a
 1-45 reduction of the frequency of payment reductions under the Medicaid
 1-46 program made to rural hospitals, and an enhancement of payments
 1-47 made under merit-based programs or similar programs for rural
 1-48 hospitals;

1-49 (D) a reduction of state regulatory-related
 1-50 costs related to the commission's review of rural hospitals; or

1-51 (E) in accordance with rules adopted by the
 1-52 Centers for Medicare and Medicaid Services, the establishment of a
 1-53 minimum fee schedule that applies to payments made by managed care
 1-54 organizations to rural hospitals; and

1-55 (2) target dates for achieving goals related to the
 1-56 proposal described by Subdivision (1).

1-57 (c) Not later than January 1, 2020, the commission shall
 1-58 submit the strategic plan developed under Subsection (b) to the
 1-59 Legislative Budget Board for review and comment. The commission
 1-60 may not begin implementation of the proposal contained in the

2-1 strategic plan until the strategic plan is approved by the
 2-2 Legislative Budget Board.

2-3 (d) Not later than November 1 of each even-numbered year,
 2-4 the commission shall submit a report regarding the commission's
 2-5 development and implementation of the strategic plan described by
 2-6 Subsection (b) to:

2-7 (1) the legislature;

2-8 (2) the governor; and

2-9 (3) the Legislative Budget Board.

2-10 Sec. 531.202. ADVISORY COMMITTEE ON RURAL HOSPITALS.

2-11 (a) The commission shall establish the Rural Hospital Advisory
 2-12 Committee, either as another advisory committee or as a
 2-13 subcommittee of the Hospital Payment Advisory Committee, to advise
 2-14 the commission on issues relating specifically to rural hospitals.

2-15 (b) The Rural Hospital Advisory Committee is composed of
 2-16 interested persons appointed by the executive commissioner.
 2-17 Section 2110.002 does not apply to the advisory committee.

2-18 (c) A member of the advisory committee serves without
 2-19 compensation.

2-20 Sec. 531.203. COLLABORATION WITH OFFICE OF RURAL AFFAIRS.

2-21 The commission shall collaborate with the Office of Rural Affairs
 2-22 to ensure that this state is pursuing to the fullest extent possible
 2-23 federal grants, funding opportunities, and support programs
 2-24 available to rural hospitals as administered by the Health
 2-25 Resources and Services Administration and the Office of Minority
 2-26 Health in the United States Department of Health and Human
 2-27 Services.

2-28 SECTION 2. Chapter 241, Health and Safety Code, is amended
 2-29 by adding Subchapter K to read as follows:

2-30 SUBCHAPTER K. LIMITED SERVICES RURAL HOSPITAL

2-31 Sec. 241.301. DEFINITION. In this subchapter, "limited
 2-32 services rural hospital" means a general or special hospital that
 2-33 is or was licensed under this chapter and that:

2-34 (1) is:

2-35 (A) located in a rural area, as defined by:

2-36 (i) commission rule; or

2-37 (ii) 42 U.S.C. Section 1395ww(d)(2)(D); or

2-38 (B) designated by the Centers for Medicare and
 2-39 Medicaid Services as a critical access hospital, rural referral
 2-40 center, or sole community hospital; and

2-41 (2) otherwise meets the requirements to be designated
 2-42 as a limited services rural hospital or a similarly designated
 2-43 hospital under federal law for purposes of a payment program
 2-44 described by Section 241.302(a)(1).

2-45 Sec. 241.302. LICENSE REQUIRED. (a) A person may not
 2-46 establish, conduct, or maintain a limited services rural hospital
 2-47 unless:

2-48 (1) the United States Congress passes a bill creating
 2-49 a payment program specifically for limited services rural hospitals
 2-50 or similarly designated hospitals that becomes law; and

2-51 (2) the commission issues a license to the person to
 2-52 establish, conduct, or maintain a limited services rural hospital
 2-53 under this subchapter.

2-54 (b) If the United States Congress enacts a bill described by
 2-55 Subsection (a)(1) that becomes law, the executive commissioner
 2-56 shall adopt rules:

2-57 (1) establishing minimum standards for the
 2-58 facilities; and

2-59 (2) implementing this section.

2-60 (c) The standards adopted under Subsection (b) must be at
 2-61 least as stringent as the standards established in the law
 2-62 described by Subsection (a) for eligibility to qualify for a
 2-63 payment program established by the law.

2-64 (d) An applicant for a license under this section must:

2-65 (1) submit an application for the license to the
 2-66 commission in a form and manner prescribed by the commission; and

2-67 (2) pay any required fee.

2-68 (e) The commission shall issue a license to act as a limited
 2-69 services rural hospital under this subchapter if the applicant

3-1 complies with the rules and standards adopted under this section.

3-2 (f) The commission by order may waive or modify the
3-3 requirement of a particular provision of this chapter or a standard
3-4 adopted under this section if the commission determines that the
3-5 waiver or modification will facilitate the creation or operation of
3-6 the facility and that the waiver or modification is in the best
3-7 interests of the individuals served or to be served by the facility.
3-8 Sections 241.026(d) and (e) apply to a waiver or modification under
3-9 this section for a limited services rural hospital in the same
3-10 manner as the subsections apply to a waiver or modification for a
3-11 hospital.

3-12 (g) A provision of this chapter related to the enforcement
3-13 authority of the commission applies to a limited services rural
3-14 hospital.

3-15 Sec. 241.303. LICENSING FEE. (a) The executive
3-16 commissioner by rule shall establish and the commission shall
3-17 collect a fee for issuing and renewing a license under this
3-18 subchapter that is in an amount reasonable and necessary to cover
3-19 the costs of administering and enforcing this subchapter.

3-20 (b) All fees collected under this section shall be deposited
3-21 in the state treasury to the credit of the commission to administer
3-22 and enforce this subchapter.

3-23 SECTION 3. This Act takes effect September 1, 2019.

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