

BILL ANALYSIS

C.S.H.B. 2798
By: Klick
Human Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been suggested that the education adjustment factor, used to calculate the adjustment to the base standard dollar amount for an urban teaching hospital as part of Medicaid reimbursement, is out-of-date and results in certain hospitals being overpaid while others are underpaid. C.S.H.B. 2798 seeks to require that this factor be updated on at least an annual basis and to require the Health and Human Services Commission to study alternative factors and methodologies for the calculation of the adjustment.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2798 amends the Human Resources Code to require the Health and Human Services Commission (HHSC), to the extent permitted by federal law and to ensure that urban teaching hospitals, other than children's hospitals, state-owned teaching hospitals, and freestanding psychiatric facilities, are accurately reimbursed for the provision of inpatient hospital care to Medicaid recipients, to update at least annually the education adjustment factor used to calculate the medical education add-on using the most current data available, including data related to the number of interns and residents enrolled in a hospital's approved teaching program and the Medicare education adjustment factor assigned under applicable federal regulations in effect at the time HHSC makes the update. The bill defines, among other terms, "medical education add-on" as an adjustment to the base standard dollar amount for an urban teaching hospital as part of Medicaid reimbursement to reflect higher patient care costs relative to nonteaching urban hospitals.

C.S.H.B. 2798 requires HHSC to conduct a study to evaluate the impacts and effectiveness of using the Medicare education adjustment factor in effect on the bill's effective date to calculate the medical education add-on used to reimburse teaching hospitals for the provision of inpatient hospital care under Medicaid. The bill requires HHSC to develop and make recommendations on alternative factors and methodologies for calculating and annually updating the medical education add-on that meet certain criteria. The bill requires HHSC, not later than December 1, 2020, to report its findings and recommendations to the governor, the standing committees of the senate and house of representatives having primary jurisdiction over matters relating to state finance and appropriations from the state treasury, the standing committees of the senate and house of representatives having primary jurisdiction over Medicaid, and the Legislative Budget Board.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2798 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes provisions requiring HHSC to conduct a study on the impacts and effectiveness of using the Medicare education adjustment factor to calculate the medical education add-on and to develop and make recommendations on alternative factors and methodologies for calculating and annually updating the medical education add-on.