HOUSE
RESEARCH
ORGANIZATION bill digest 5/8/2015

HB 3048
Deshotel
(CSHB 3048 by Crownover)

SUBJECT: Health care funding for the City of Beaumont

COMMITTEE: Public Health — committee substitute recommended

VOTE: 10 ayes — Crownover, Naishtat, Blanco, Coleman, S. Davis, Guerra, R. Miller, Sheffield, Zedler, Zerwas

0 nays

1 absent — Collier

WITNESSES: For — Steve Aragon, Christus Health; Paul Trevino, Christus Southeast Texas; (*Registered, but did not testify*: Gabriela Saenz, Christus Health; Miryam Bujanda, Methodist Healthcare Ministries; Mariah Ramon, Teaching Hospitals of Texas; Jennifer Banda, Texas Hospital Association)

Against — None

BACKGROUND: The Medicaid sec. 1115 transformation waiver is a five-year demonstration waiver in effect through September 2016. The sec. 1115 waiver provides new means for local entities to access additional federal matching funds through regional coordination. The waiver provides for supplemental funding to certain Medicaid providers in Texas in the form of two new pools: the uncompensated care pool and the Delivery System Reform Incentive Payment pool.

To receive funding available through the sec. 1115 waiver, a governmental entity must provide funding, in the form of an intergovernmental transfer to the Health and Human Services Commission, which then would have those funds matched by the federal government and sent to the Medicaid provider designated by the governmental entity that provided the match funding.

The city of Beaumont does not have a hospital district that would allow it to use intergovernmental transfers to draw down federal matching funds for health care projects under the state's sec. 1115 Medicaid transformation waiver.

In 2013, the Legislature enacted SB 1623 by Hinojosa allowing three South Texas counties the option to draw down federal matching funds for their communities. Some have called for similar legislation allowing Beaumont to establish a local provider participation fund to allow the city to draw down federal matching funds to increase access to health care for its residents.

DIGEST: HB 3048 would allow the city of Beaumont to adopt an ordinance authorizing the city's participation in a municipal health care provider participation program. The program would authorize Beaumont to collect a mandatory payment from each institutional health care provider in the city to be deposited in a local provider participation fund (LPPF) established by the city.

Mandatory payments. The bill would specify how the institutional health care providers' mandatory payments would be assessed and would specify how the governing body of Beaumont would set the amount of the mandatory payment. The city tax assessor-collector would collect the mandatory payment or the city could contract for the assessment and collection of the payments. Interest, penalties, and discounts on mandatory payments required under the bill would be governed by law applicable to municipal ad valorem taxes.

The governing body of Beaumont would need an affirmative vote of a majority of its members to authorize the collection of a mandatory payment for the LPPF. The bill would prohibit a paying hospital from adding a mandatory payment as a surcharge to a patient.

Beaumont would hold a public hearing on the amounts of any mandatory payments that the city intended to require during the year and on how the revenue from those payments would be spent. Public notice of the hearing would have to be published in a newspaper and a representative of a paying hospital would be entitled to be heard regarding the issue of the mandatory payments. The bill would require each institutional health care provider to submit to the city a copy of certain financial and utilization data reported to the Department of State Health Services.

The bill would specify that if a provision or procedure caused a mandatory payment to be ineligible for federal matching funds, the city could provide by rule for an alternative provision or procedure that would conform to the requirements of the federal Centers for Medicare and Medicaid Services, which regulate the Medicaid program.

Composition and use of the LPPF. The LPPF would consist of:

- all revenue received by the city that was attributable to mandatory payments from institutional health care providers, including any penalties and interest due to delinquent payments;
- money received from the Health and Human Services Commission as a refund of an intergovernmental transfer from the city to the state; and
- the earnings of the fund.

Money deposited to the LPPF could be used only to:

- fund intergovernmental transfers from the city to the state to provide the nonfederal share of a Medicaid supplemental payment program authorized under the state Medicaid plan, the state’s sec. 1115 Medicaid transformation waiver, or a successor waiver program authorizing similar Medicaid supplemental payment programs;
- subsidize indigent programs;
- pay certain city administrative expenses related to the LPPF;
- refund a portion of a mandatory payment collected in error from a paying hospital; and
- refund to paying hospitals the proportionate share of money received by Beaumont from the Health and Human Services Commission that was not used to fund the nonfederal share of Medicaid supplemental payment program payments.

The bill would specify that money in the LPPF could not be commingled with other city funds and that an intergovernmental transfer and any funds received as a result of an intergovernmental transfer could not be used by a city or any other entity to expand eligibility for Medicaid under the federal Affordable Care Act.

Federal waiver or authorization. If, before implementing any provision of the bill, a state agency determined that a waiver or authorization from a federal agency was necessary for implementation of that provision, the bill would direct the agency affected by the provision to request the waiver or authorization and would allow the agency to delay implementing that provision until the waiver or authorization was granted.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015.