

- SUBJECT:** Adjusting provider participation programs in certain local governments
- COMMITTEE:** County Affairs — favorable, without amendment
- VOTE:** 8 ayes — Coleman, Springer, Biedermann, Neave, Roberts, Stickland, Thierry, Uresti
- 0 nays
- 1 absent — Hunter
- SENATE VOTE:** On final passage, May 2 — 28-3 (Bettencourt, Creighton, Huffines)
- WITNESSES:** No public hearing
- BACKGROUND:** The Medicaid sec. 1115 transformation waiver provides supplemental funding to certain Medicaid providers in Texas through the uncompensated care pool and the Delivery System Reform Incentive Payment (DSRIP) pool. The uncompensated care pool payments help offset the costs of uncompensated care, including indigent care, provided by local hospitals. DSRIP pool payments are incentives to hospitals and other providers to improve access to and the quality and cost-effectiveness of health care.
- Under the sec. 1115 waiver, eligibility for the uncompensated care pool or the DSRIP pool requires participation in a regional health care partnership, in which governmental entities, Medicaid providers, and other stakeholders develop a regional plan. Governmental entities must provide public funds called intergovernmental transfers to draw down funds from these pools.
- Since 2013, the Legislature has created programs in several counties and one city for hospitals to submit payments to a local provider participation fund to draw down federal funding for local governments that lack a hospital district. Some have suggested that local provider participation programs would benefit from increased flexibility and efficiency.

DIGEST: SB 1462 would amend the local provider participation funds in certain counties and a municipality to allow money deposited in those funds to be used for intergovernmental transfers to provide payments to Medicaid managed care organizations. Funds could be used to refund hospitals paying into the program the proportionate share of money that could not be used to fund the nonfederal share of Medicaid supplemental payment program.

The bill would remove the requirement for a county or municipal tax assessor-collector to collect the mandatory payments made by participating health care providers under those local provider participation programs.

The bill also would specify that an institutional health care provider participating in those programs would be a nonpublic hospital providing inpatient hospital services.

The 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, 2017.