

BILL ANALYSIS

Senate Research Center

C.S.H.B. 587
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Health & Human Services
5-16-97
Committee Report (Substituted)

DIGEST

The Texas Council Risk Management Fund Board (TCRMF) has requested that certain statutory amendments be made to clarify the ability of community centers to take advantage of the cost savings and advantages of "pooling" their employee group benefits programs under Chapter 172, Local Government Code. Clarifying that community centers are "political subdivisions" under Chapter 172, Local Government Code, will increase the ability of these entities to pool their employee benefits programs. This will improve benefit plans, lower costs, and improve employee morale at community centers. Clarifying that community centers are "local governments" will help increase the centers' ability to pool employee group benefits programs, as well as support the existing product lines of the TCRMF. The TCRMF has saved community centers millions of dollars during its eight year existence, both in actual costs and through its loss prevention services. This bill would expand the definition of community centers in order to improve their abilities to function and provide for their employees. Additionally, this bill would one or more community centers create or operate a nonprofit corporation pursuant to the laws of this state for the purpose of accepting capitated or other at-risk payment arrangements for the provision of services designated in a plan approved by the Department of Insurance under Subchapter A, Health and Safety Code.

PURPOSE

As proposed, C.S.H.B. 587 expands the definition of community centers in order to improve their abilities to function and provide for their employees. Additionally, this bill authorizes one or more community centers to create or operate a nonprofit corporation for the purposes of accepting capitated or other at-risk payment arrangement for the provision of services designated in a plan approved by the Department of Insurance under Subchapter A, Health and Safety Code.

RULEMAKING AUTHORITY

Rulemaking authority is given to the Department of Insurance in SECTION 3 of this Act.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 534.001(c) and (f), Health and Safety Code, to provide that a community center is, among other things, a local government for the purposes of Chapter 1084, Acts of the 70th Legislature, Regular Session, 1987 (Article 715c, V.T.C.S.); and a political subdivision for the purposes of Chapter 172, Local Government Code. Provides that notwithstanding any other law, a community center is subject to Chapter 554, Government Code.

SECTION 2. Amends Chapter 534, Health and Safety Code, by adding Subchapter C, as follows:

SUBCHAPTER C. HEALTH MAINTENANCE ORGANIZATIONS

Sec. 534.101. HEALTH MAINTENANCE ORGANIZATION CERTIFICATE OF AUTHORITY. (a) Authorizes one or more community centers to create or operate a nonprofit corporation pursuant to the laws of this state for the purpose of accepting capitated or other at-risk payment arrangements for the provision of services designated in a plan approved by the Texas Department of Mental Health and Mental Retardation (department) under Subchapter A.

(b) Requires the nonprofit corporation, before a nonprofit corporation organized or operating under Subsection (a) accepts or enters into any capitated or other at-risk payment arrangement for services designated in a plan approved by the department under Subchapter A, to obtain the appropriate certificate of authority from the Texas Department of Insurance (DOI) to operate as a health maintenance organization (HMO) pursuant to the Texas Health Maintenance Organization Act (Chapter 20A, V.T.C.S.).

(c) Requires a nonprofit corporation operating under this chapter, before submitting any bids, to disclose in writing to the department the services to be provided by the community center to be provided by the community center through any capitated or other at-risk payment arrangement by the nonprofit corporation. Requires the department to verify that the services provided under any capitated or other at-risk payment arrangement are within the scope of services approved by the department in each community center's plan required under Subchapter A.

(d) Requires the Texas Board of Mental Health and Mental Retardation (board) to perform certain actions.

(e) Requires the nonprofit corporation to provide a public notice, an opportunity for public comment, and certain information.

(f) Sets forth certain requirements and conditions imposed upon a nonprofit corporation operating under this subchapter

Sec. 534.102. LAWS AND RULES. Authorizes a nonprofit corporation created or operated under this subchapter that obtains and holds a valid certificate of authority as an HMO to exercise the powers and authority and is subject to the conditions and limitations provided by this subchapter, the Texas Health Maintenance Organization Act (Chapter 20A, V.T.C.S.), the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), and rules of DOI.

Sec. 534.103. APPLICATION OF LAWS AND RULES. Provides that an HMO created and operating under this subchapter is governed as, and is subject to the same laws and rules of DOI as, any other HMO of the same type.

Sec. 534.104. APPLICATION OF SPECIFIC LAWS. Provides that an HMO created and operating under this subchapter is a governmental unit and a unit of local government, for purposes of Chapters 101 and 102, Civil Practice and Remedies Code, respectively, and a local government for purposes of Chapter 791, Government Code.

(b) Provides that nothing in this subchapter precludes one or more community centers from forming a nonprofit corporation under Section 5.01, Medical Practice Act (Article 4495b, V.T.C.S.), to provide services on a risk-sharing or capitated basis as permitted under Article 21.52F, Insurance Code.

SECTION 3. Requires DOI to adopt rules by September 1, 1997, that describe the procedures an entity must follow and the standards an entity must meet to obtain a certificate of authority as a single health care service plan providing behavioral health care services.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 534.001, Health and Safety Code, to add Subsection (f).

SECTION 2.

Amends Chapter 534, Health and Safety Code, to add Subchapter C, relating to one or more community centers creating or operating a nonprofit corporation pursuant to the laws of this state for the purpose of accepting capitated or other at-risk payment arrangements for the provisions of services designated in a plan approved by the department under Subchapter A.

SECTION 3.

Sets forth rulemaking authority granted to DOI, relating to an entity obtaining a certificate of authority as a single health care service plan providing behavioral health care services.

SECTIONS 4-5.

Effective date and expiration clause, originally set forth in SECTIONS 2 and 3.