

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1063
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Economic Development
4/21/1999
Committee Report (Substituted)

DIGEST

Currently, health care providers and physicians in rural areas may choose an alternative, the Rural Health Care System, from an urban-based management care organization or hospital network. An area may receive eligibility for the system if the area is considered rural as determined by its population (less than 50,000 persons), delineated by the U.S. Census Bureau, or declared by the commissioner of insurance. The criteria used by the commissioner may be amended to consider other factors when declaring a rural area. C.S.S.B. 1063 would require the commissioner to consider certain criteria in designating rural areas, amend language regarding prepaid health care services, and authorize the commissioner to provide, by rule, exceptions to the application of the Texas Health Maintenance Organization Act. C.S.S.B. 1063 also would amend regulations governing the board of directors of the statewide rural health care system and the advisory committee of the board of directors.

PURPOSE

As proposed, C.S.S.B. 1063 makes changes to the operation of a statewide rural health care system.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance under SECTION 4 (Article 20C.04(c), Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. (a) GOALS OF SYSTEM. Provides that the statewide rural health care system established under Chapter 20C, Insurance Code, is designed to incorporate consumer-oriented attributes considered important to a successful health care organization. Sets forth what is included in consumer-oriented attributes.

(b) PATIENT RIGHTS POLICIES. Sets forth patient-focused considerations intended to be incorporated into the statewide rural health care system.

(c) PATIENT-PHYSICIAN RELATIONSHIP. Sets forth the assurances for which the statewide rural health care system is intended to preserve significant traditional and ethical relationships between a patient and the patient's health care provider.

(d) PUBLIC HEALTH AND PREVENTION. Provides that the statewide rural health care system is intended to use incentives to promote healthy communities and individuals by using a public health model that focuses on health promotion, illness prevention, patient self-care education, and incentives that encourage positive health behavior.

(e) CREDENTIALS AND PEER REVIEW. Provides that the statewide rural health care system is intended to focus on processes for obtaining credentials and performing peer review that take into consideration the unique nature of rural communities and that track processes required under federal and state law to ensure enrollees will receive quality health care. Provides that local physicians and hospitals are intended to retain responsibility for these processes and that these processes are not intended to exclude otherwise qualified practitioners from participating in the system.

(f) QUALITY IMPROVEMENT AND MANAGEMENT. Provides that the statewide rural health care system is intended to utilize standard guidelines established by the National Committee

on Quality Assurance and other recognized accrediting organizations to ensure that the program achieves its objectives of providing quality patient care and to emphasize establishing benchmarks to measure program outcomes that will be made available to the public through proper reporting procedures.

SECTION 2. Amends Article 20C.02, Insurance Code, to redefine “rural area.” Requires the commissioner of insurance (commissioner), to consider areas regarding the designation of any area that is delineated as an urbanized area by the federal census bureau and meets certain specifications.

SECTION 3. Amends Article 20C.03, Insurance Code, to establish a statewide rural health care system to provide health care services to rural enrollees.

SECTION 4. Amends Article 20C.04, Insurance Code, to provide that, except as provided by Subsection (c) of this article, if the system arranges for or provides health care services to enrollees in exchange for a predetermined payment per enrollee on a prepaid basis, the system must obtain a certificate of authority under, and meet each requirement imposed by, the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code), as if the organization were a person under this Act. Authorizes the commissioner, if the system seeks certificate of authority under the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code), to provide exceptions, by rule, to the application of provisions of Chapter 20A, Insurance Code (Texas Health Maintenance Organization Act), relating to mileage, distance, and network adequacy and scope. Requires the system to meet all reserve requirements required by the commissioner under the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code), if the system seeks certificate of authority under the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code). Makes conforming changes.

SECTION 5. Amends Article 20C.07(a), Insurance Code, to provide that members of the board of the statewide rural health care system (board) serve staggered terms expiring December 1 of each even-number year, rather than February 1 of each odd-numbered year.

SECTION 6. Amends Article 20C.08(f), Insurance Code, to authorize, rather than require, the board to appoint an advisory committee to represent certain health care services. Requires the advisory committee to meet at the will of the board and advise the board on any matters as directed by the board. Deletes composition requirements of the advisory committee.

SECTION 7. Amends Article 20C.14, Insurance Code, as follows:

Art. 20C.14. New heading: MANDATED PROVIDER. Requires the system, to the extent the system operates under a certificate of authority issued under the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code), to be reimbursed by the Medicaid contracting agency at the state-defined capitation rate for each service area in which the system operates. Deletes existing Subsection (b). Makes conforming changes.

SECTION 8. (a) Effective date: September 1, 1999.

(b) Makes application of this Act prospective for the expiration of a board members term to December 1 of the year before the year the term was to expire under Chapter 20C, Insurance Code.

SECTION 9. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Adds Subsections (a), (b), (c), (d), (e), and (f), regarding goals of system, patient rights policies, patient-physician relationship, public health and prevention, credentials and peer review, and quality improvement, respectively.

SECTION 2.

Redesignated from proposed SECTION 1. Amends Article 20C.03, Insurance Code, to require

the commissioner to consider areas regarding the designation of any area that is delineated as an urbanized area by the federal census bureau and meets certain specifications.

SECTION 3.

Redesignated from proposed SECTION 2. Amends Article 20C.03, Insurance Code, to establish a statewide rural health care system to provide health care services to rural enrollees. Deletes text establishing a statewide rural health care system to provide health care services, including services on a prepaid basis, to rural enrollees.

SECTION 4.

Redesignated from proposed SECTION 3. Amends Article 20C.04, Insurance Code, to provide that, except as provided by Subsection (c) of this article, if the system arranges for or provides health care services to enrollees in exchange for a predetermined payment per enrollee on a prepaid basis, the system must obtain a certificate of authority under, and meet each requirement imposed by, the Texas Health Maintenance Organization Act (Chapter 20A, Insurance Code), as if the organization were a person under this Act. Authorizes the commissioner, if the system seeks certificate of authority under the Texas Health Maintenance Organization Act, to provide exceptions, by rule, to the application of provisions of Chapter 20A, Insurance Code, relating to mileage, distance, and network adequacy and scope, rather than to accommodate special circumstances surrounding rural service areas. Requires the system to meet all reserve requirements required by the commissioner under the Texas Health Maintenance Organization Act, if the system seeks certificate of authority under the Texas Health Maintenance Organization Act.

SECTION 5.

Redesignated from proposed SECTION 4.

SECTION 6.

Redesignated from proposed SECTION 5.

SECTION 7.

Amends Article 20C.14, Insurance Code, regarding mandated providers.

SECTION 8.

Redesignated from proposed SECTION 6.

SECTION 9.

Redesignated from proposed SECTION 7.