

BILL ANALYSIS

Senate Research Center

S.B. 1621
By: Kolkhorst
Health & Human Services
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In response to the closure of more than 70 rural hospitals nationwide since 2013, the federal government is seeking to ensure that individuals residing in rural areas do not lose access to hospital care. S.B. 1621 establishes a new hospital licensure called limited services rural hospital contingent on the federal government creating a payment program for this type of designation. (Original Author's/Sponsor's Statement of Intent)

S.B. 1621 amends current law relating to certain rural medical facilities; requires a license; and authorizes fees and taxes.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive commissioner of Health and Human Services Commission in SECTION 1 (Sections 241.302 and 241.303, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 241, Health and Safety Code, by adding Subchapter K, as follows:

SUBCHAPTER K. LIMITED SERVICES RURAL HOSPITAL

Sec. 241.301. DEFINITION. Defines "limited services rural hospital."

Sec. 241.302. LICENSE REQUIRED. (a) Prohibits a person from establishing, conducting, or maintaining a limited services rural hospital unless:

(1) the United States Congress passes a bill creating a payment program specifically for limited services rural hospitals or similarly designated hospitals that becomes law; and

(2) the Health and Human Services Commission (HHSC) issues a license to the person to establish, conduct, or maintain a limited services rural hospital under this subchapter.

(b) Requires the executive commissioner of HHSC (executive commissioner), if the United States Congress enacts a bill described by Subsection (a)(1) that becomes law, to adopt rules establishing minimum standards for the facilities and implementing this section.

(c) Requires the standards adopted under Subsection (b) to be at least as stringent as the standards established in the law described by Subsection (a) for eligibility to qualify for a payment program established by the law.

(d) Requires an applicant for a license under this section to submit an application for the license to HHSC in a form and manner prescribed by HHSC and pay any required fee.

(e) Requires HHSC to issue a license to act as a limited services rural hospital under this subchapter if the applicant complies with the rules and standards adopted under this section.

(f) Authorizes HHSC by order to waive or modify the requirement of a particular provision of this chapter (Hospitals) or a standard adopted under this section if HHSC determines that the waiver or modification will facilitate the creation or operation of the facility and that the waiver or modification is in the best interests of the individuals served or to be served by the facility. Provide that Sections 241.026(d) (relating to requiring the executive commissioner to adopt rules establishing procedures and criteria for the issuance of a certain waiver or modification order) and (e) (relating to required documentation to support a waiver or modification order) apply to a waiver or modification under this section for a limited services rural hospital in the same manner as the subsections apply to a waiver or modification for a hospital.

(g) Provides that a provision of this chapter related to the enforcement authority of HHSC applies to a limited services rural hospital.

Sec. 241.303. LICENSING FEE. (a) Requires the executive commissioner by rule to establish and requires HHSC to collect a fee for issuing and renewing a license under this subchapter that is in an amount reasonable and necessary to cover the costs of administering and enforcing this subchapter.

(b) Requires all fees collected under this section to be deposited in the state treasury to credit of HHSC to administer and enforce this subchapter.

SECTION 2. Amends Chapter 531, Government Code, by adding Subchapter G, as follows:

SUBCHAPTER G. RURAL HOSPITALS

Sec. 531.201. STRATEGIC PLAN; REPORT. (a) Requires HHSC to develop and implement a strategic plan to ensure that the citizens of this state residing in rural areas have access to hospital services.

(b) Requires the strategic plan to include:

(1) a proposal for using at least one of the following methods to ensure access to hospital services in the rural areas of this state:

(A) an enhanced cost reimbursement methodology for the payment of rural hospitals participating in the Medicaid managed care program in conjunction with a supplemental payment program for rural hospitals to cover costs incurred in providing services to recipients;

(B) a hospital rate enhancement program that applies only to rural hospitals;

(C) a reduction of punitive actions under the Medicaid program that require reimbursement for Medicaid payments made to the provider, if the provider is a rural hospital, a reduction of the frequency of payment reductions under the Medicaid program made to rural hospitals, and an enhancement of payments made under merit-based programs or similar programs for rural hospitals;

(D) a reduction of state regulatory-related costs related to HHSC's review of rural hospitals; or

(E) in accordance with rules adopted by the Centers for Medicare and Medicaid Services, the establishment of a minimum fee schedule that applies to payments made by managed care organizations to rural hospitals; and

(2) target dates for achieving goals related to the proposal described by Subdivision (1).

(c) Requires HHSC, not later than January 1, 2020, to submit the strategic plan developed under Subsection (b) to the Legislative Budget Board (LBB) for review and comment. Prohibits HHSC from beginning implementation of the proposal contained in the strategic plan until the strategic plan is approved by the LBB.

(d) Requires HHSC, not later than November 1 of each even-numbered year, to submit a report regarding HHSC's development and implementation of the strategic plan described by Subsection (b) to:

(1) the legislature;

(2) the governor; and

(3) the LBB.

Sec. 531.202. ADVISORY COMMITTEE ON RURAL HOSPITALS. (a) Requires HHSC to establish the Rural Hospital Advisory Committee (advisory committee), either as another advisory committee or as a subcommittee of the Hospital Payment Advisory Committee, to advise HHSC on issues relating specifically to rural hospitals.

(b) Provides that the advisory committee is composed of interested persons appointed by the executive commissioner. Provides that Section 2110.002 (Compensation of Advisory Committees) does not apply to the advisory committee.

(c) Provides that a member of the advisory committee serves without compensation.

Sec. 531.203. COLLABORATION WITH OFFICE OF RURAL AFFAIRS. Requires HHSC to collaborate with the Office of Rural Affairs to ensure that this state is pursuing to the fullest extent possible federal grants, funding opportunities, and support programs available to rural hospitals as administered by the Health Resources and Services Administration and the Office of Minority Health in the United States Department of Health and Human Services.

SECTION 3. Amends the heading to Subchapter F, Chapter 1061, Special District Local Laws Code, to read as follows:

SUBCHAPTER F. AD VALOREM TAXES

SECTION 4. Amends Chapter 1061, Special District Local Laws Code, by adding Subchapter G, as follows:

SUBCHAPTER G. SALES AND USE TAX

Sec. 1061.301. TAX AUTHORIZED. (a) Authorizes the Midland County Hospital District of Midland County, Texas (Midland County district) to adopt, change the rate of, or abolish a sales and use tax at an election held in the district.

(b) Prohibits the Midland County district from adopting a tax under this subchapter or increasing the rate of the tax if as a result of the adoption of the tax

or the tax increase the combined rate of all sales and use taxes imposed by the district and all other political subdivisions of this state having territory in the district would exceed two percent in any location in the district.

Sec. 1061.302. APPLICABILITY OF OTHER LAW. Provides that, except to the extent that a provision of this subchapter applies, Chapter 323 (County Sales and Use Tax Act), Tax Code, applies to a tax authorized by this subchapter in the same manner as that chapter applies to the tax authorized by that chapter.

Sec. 1061.303. TAX RATE; CHANGE IN RATE. (a) Authorizes the Midland County district to impose a tax authorized by this subchapter in increments of one-eighth of one percent, with a minimum rate of one-eighth of one percent and a maximum rate of two percent.

(b) Authorizes the Midland County district to increase the rate of a tax authorized by this subchapter to a maximum of two percent or decrease the rate of the tax to a minimum of one-eighth of one percent if the change is approved by a majority of the voters of the district at an election called for that purpose.

Sec. 1061.304. ELECTION PROCEDURE. Provides that an election to adopt, change the rate of, or abolish a tax authorized by this subchapter is called by the adoption of an order of the board of directors of the Midland County district (board). Authorizes the board to call an election on its own motion and requires the board to call an election if a number of qualified voters in the Midland County district equal to at least five percent of the number of registered voters in the district petitions the board to call the election.

Sec. 1061.305. ELECTION IN OTHER TAXING AUTHORITY. (a) Defines "taxing authority" for purposes of this section.

(b) Provides that, if the Midland County district is included within the boundaries of another taxing authority and the adoption or increase in the rate of a tax under this subchapter would result in a combined tax rate by the district and other political subdivisions of this state of more than two percent at any location in the district, an election to approve or increase the rate of the tax has no effect unless:

(1) one or more of the other taxing authorities holds an election in accordance with the law governing that authority on the same date as the election under this subchapter to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the Midland County district and other political subdivisions of not more than two percent at any location in the district; and

(2) the combined tax rate is reduced to not more than two percent as a result of that election.

(c) Provides that this section does not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

Sec. 1061.306. TAX EFFECTIVE DATE. (a) Provides that the adoption, change in the rate of, or abolition of a tax under this subchapter takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller of public accounts of the State of Texas (comptroller) receives notice of the results of an election to adopt, change the rate of, or abolish the tax.

(b) Authorizes the effective date, if the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax or to implement the change in the rate of the tax or the abolition of the tax, to be extended by the comptroller until the first day of the next calendar quarter.

Sec. 1061.307. USE OF TAX REVENUE. Authorizes revenue from a tax imposed under this subchapter to be used by the Midland County district for any purpose of the district authorized by law.

SECTION 5. Amends Section 1061.151(b), Special District Local Laws Code, as follows:

(b) Requires the proposed budget to contain a complete financial statement of:

(1)–(6) makes no changes to these subdivisions;

(7) the estimated ad valorem tax rate required, rather than the estimated tax rate required; and

(8) makes no changes to this subdivision.

SECTION 6. Amends Section 1088.104, Special District Local Laws Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Authorizes the hospital system established by the Reagan Hospital District of Reagan County, Texas (Reagan district) to include:

(1)–(9) makes no changes to these subdivisions; and

(10) any other facilities the board of directors of the Reagan district (board) considers necessary for medical care, hospital care, and public safety and health, rather than any other facilities the board considers necessary for medical and hospital care.

(d) Authorizes a facility for public safety and health described by Subsection (c)(10) to only be:

(1) constructed by the Reagan district using private money; and

(2) used by the Reagan district, or any governmental entity to which the district leases the facility, for public safety and health purposes.

SECTION 7. Amends Section 26.012(1), Tax Code, as follows:

(1) Redefines "additional sales and use tax" to include a sales and use tax imposed by a hospital district other than a hospital district that imposes the sales and use tax under Subchapter G, Chapter 1061, Special District Local Laws Code. Makes nonsubstantive changes.

SECTION 8. Effective date: September 1, 2019.