

By: Raney

H.B. No. 3185

A BILL TO BE ENTITLED

AN ACT

relating to the creation of county health care funding districts in certain counties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle D, Title 4, Health and Safety Code, is amended by adding Chapter 296 to read as follows:

CHAPTER 296. COUNTY HEALTH CARE FUNDING DISTRICT IN CERTAIN COUNTIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 296.001. DEFINITIONS. In this chapter:

(1) "Commission" means the commission of a district created under this chapter.

(2) "District" means a county health care funding district created under this chapter.

(3) "Institutional health care provider" means a nonpublic hospital licensed under Chapter 241.

(4) "Paying hospital" means an institutional health care provider required to make a mandatory payment under this chapter.

Sec. 296.002. CREATION OF DISTRICT. A district may be created by order of the commissioners court of each county that:

(1) is not served by a hospital district or a public hospital; and

(2) has a population of less than 200,000 and contains

two municipalities both with populations of 75,000 or more.

Sec. 296.003. DISSOLUTION. A district created under this chapter may be dissolved in the manner provided for the dissolution of a hospital district under Subchapter E, Chapter 286.

Sec. 296.004. DISTRICT TERRITORY. The boundaries of each district are coextensive with the boundaries of the county in which the district is created.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 296.051. COMMISSION; DISTRICT GOVERNANCE. (a) Each district created under Section 296.002 is governed by a commission consisting of the commissioners court of the county in which the district is created.

(b) Service on the commission by a county commissioner or county judge is an additional duty of that person's office.

(c) A district is a component of county government and is not a separate political subdivision of this state.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 296.101. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY PAYMENT. Each district may require a mandatory payment only in the manner provided by this chapter.

Sec. 296.102. MAJORITY VOTE REQUIRED. (a) A district may not require any mandatory payment authorized under this chapter, spend any money, including for the administrative expenses of the district, or conduct any other business without an affirmative vote of a majority of the members of the commission.

(b) Before requiring a mandatory payment under this chapter in any one year, the commission must obtain the affirmative vote

1 required by Subsection (a).

2 Sec. 296.103. RULES AND PROCEDURES. After the commission
3 has voted to require a mandatory payment authorized under this
4 chapter, the commission may adopt rules governing the operation of
5 the district, including rules relating to the administration of a
6 mandatory payment authorized under this chapter.

7 Sec. 296.104. INSTITUTIONAL HEALTH CARE PROVIDER
8 REPORTING; INSPECTION OF RECORDS. (a) A district shall require
9 each institutional health care provider to submit to the district a
10 copy of any financial and utilization data required by and reported
11 to the Department of State Health Services under Sections [311.032](#)
12 and [311.033](#) and any rules adopted by the executive commissioner of
13 the Health and Human Services Commission to implement those
14 sections.

15 (b) A district may inspect the records of an institutional
16 health care provider to the extent necessary to ensure compliance
17 with the requirements of Subsection (a).

18 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

19 Sec. 296.151. HEARING. (a) Each year, the commission of a
20 district shall hold a public hearing on the amounts of any
21 mandatory payments that the commission intends to require during
22 the year and how the revenue derived from those payments is to be
23 spent.

24 (b) Not later than the 10th day before the date of the
25 hearing required under Subsection (a), the commission shall publish
26 notice of the hearing in a newspaper of general circulation in the
27 county in which the district is located.

1 (c) A representative of a paying hospital is entitled to
2 appear at the time and place designated in the public notice and to
3 be heard regarding any matter related to the mandatory payments
4 authorized under this chapter.

5 Sec. 296.152. FISCAL YEAR. Each district's fiscal year
6 begins on September 1 and ends on August 31 of each year.

7 Sec. 296.153. DEPOSITORY. (a) Each commission by
8 resolution shall designate one or more banks located in the
9 district as the depository for the district. A bank designated as a
10 depository serves for two years or until a successor is designated.

11 (b) All income received by a district, including the revenue
12 from mandatory payments remaining after discounts and fees for
13 assessing and collecting the payments are deducted, shall be
14 deposited with the district depository in the district's local
15 provider participation fund and may be withdrawn only as provided
16 by this chapter.

17 (c) All district funds shall be secured in the manner
18 provided for securing county funds.

19 Sec. 296.154. LOCAL PROVIDER PARTICIPATION FUND;
20 AUTHORIZED USES OF MONEY. (a) Each district shall create a local
21 provider participation fund.

22 (b) The local provider participation fund consists of:

23 (1) all revenue from the mandatory payments authorized
24 under this chapter, including any penalties and interest
25 attributable to delinquent payments;

26 (2) money received from the Health and Human Services
27 Commission as a refund of an intergovernmental transfer from the

district to the state for the purpose of providing the nonfederal share of Medicaid supplemental payment program payments, provided that the intergovernmental transfer does not receive a federal matching payment; and

(3) the earnings of the fund.

(c) Money deposited to the local provider participation fund may be used only to:

(1) fund intergovernmental transfers from the district to the state to provide the nonfederal share of a Medicaid supplemental payment program authorized under the state Medicaid plan, the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315), or a successor waiver program authorizing similar Medicaid supplemental payment programs;

(2) subsidize indigent programs;

(3) pay the administrative expenses of the district;

(4) refund a portion of a mandatory payment collected in error from a paying hospital; and

(5) refund to paying hospitals the proportionate share of money received by the district from the Health and Human Services Commission that is not used to fund the nonfederal share of Medicaid supplemental payment program payments.

(d) Money in the local provider participation fund may not be commingled with county funds.

(e) An intergovernmental transfer of funds described by Subsection (c)(1) and any funds received by the district as a result

of an intergovernmental transfer described by that subsection may not be used by the district, the county in which the district is located, or any other entity to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

Sec. 296.155. ALLOCATION OF CERTAIN FUNDS. Not later than the 15th day after the date the district receives a payment described by Section 296.154(c)(5), the district shall transfer to each paying hospital an amount equal to the proportionate share of those funds to which the hospital is entitled.

SUBCHAPTER E. MANDATORY PAYMENTS

Sec. 296.201. MANDATORY PAYMENTS BASED ON PAYING HOSPITAL NET PATIENT REVENUE. (a) Except as provided by Subsection (e), the commission of a district may require an annual mandatory payment to be assessed quarterly on the net patient revenue of each institutional health care provider located in the district. In the first year in which the mandatory payment is required, the mandatory payment is assessed on the net patient revenue of an institutional health care provider as determined by the data reported to the Department of State Health Services under Sections [311.032](#) and [311.033](#) in the fiscal year ending in 2014. The district shall update the amount of the mandatory payment on a biennial basis.

(b) The amount of a mandatory payment authorized under this chapter must be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the district.

1 A mandatory payment authorized under this chapter may not hold
2 harmless any institutional health care provider, as required under
3 42 U.S.C. Section 1396b(w).

4 (c) The commission of a district that collects a mandatory
5 payment authorized under this chapter shall set the amount of the
6 mandatory payment. The amount of the mandatory payment required of
7 each paying hospital may not exceed an amount that, when added to
8 the amount of the mandatory payments required from all other paying
9 hospitals in the district, equals an amount of revenue that exceeds
10 six percent of the aggregate net patient revenue of all paying
11 hospitals in the district.

12 (d) Subject to the maximum amount prescribed by Subsection
13 (c), the commission shall set the mandatory payments in amounts
14 that in the aggregate will generate sufficient revenue to cover the
15 administrative expenses of the district, to fund the nonfederal
16 share of a Medicaid supplemental payment program, and to pay for
17 indigent programs, except that the amount of revenue from mandatory
18 payments used for administrative expenses of the district in a year
19 may not exceed the lesser of four percent of the total revenue
20 generated from the mandatory payment or \$20,000.

21 (e) A paying hospital may not add a mandatory payment
22 required under this section as a surcharge to a patient.

23 Sec. 296.202. ASSESSMENT AND COLLECTION OF MANDATORY
24 PAYMENTS. (a) Except as provided by Subsection (b), the county tax
25 assessor-collector shall collect the mandatory payment authorized
26 under this chapter. The county tax assessor-collector shall charge
27 and deduct from mandatory payments collected for the district a fee

1 for collecting the mandatory payment in an amount determined by the
2 commission, not to exceed the county tax assessor-collector's usual
3 and customary charges.

4 (b) If determined by the commission to be appropriate, the
5 commission may contract for the assessment and collection of
6 mandatory payments in the manner provided by Title 1, Tax Code, for
7 the assessment and collection of ad valorem taxes.

8 (c) Revenue from a fee charged by a county tax
9 assessor-collector for collecting the mandatory payment shall be
10 deposited in the county general fund and, if appropriate, shall be
11 reported as fees of the county tax assessor-collector.

12 Sec. 296.203. INTEREST, PENALTIES, AND DISCOUNTS.
13 Interest, penalties, and discounts on mandatory payments required
14 under this chapter are governed by the law applicable to county ad
15 valorem taxes.

16 Sec. 296.204. PURPOSE; CORRECTION OF INVALID PROVISION OR
17 PROCEDURE. (a) The purpose of this chapter is to generate revenue
18 by collecting from institutional health care providers a mandatory
19 payment to be used to provide the nonfederal share of a Medicaid
20 supplemental payment program.

21 (b) To the extent any provision or procedure under this
22 chapter causes a mandatory payment authorized under this chapter to
23 be ineligible for federal matching funds, the district may provide
24 by rule for an alternative provision or procedure that conforms to
25 the requirements of the federal Centers for Medicare and Medicaid
26 Services.

27 SECTION 2. If before implementing any provision of this Act

1 a state agency determines that a waiver or authorization from a
2 federal agency is necessary for implementation of that provision,
3 the agency affected by the provision shall request the waiver or
4 authorization and may delay implementing that provision until the
5 waiver or authorization is granted.

6 SECTION 3. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2015.