

BILL ANALYSIS

S.B. 1622
By: Kolkhorst
Public Health
Committee Report (Amended)

BACKGROUND AND PURPOSE

There are concerns about the number of rural hospitals that have closed permanently or temporarily in recent years. To ensure that Texans residing in rural areas have access to hospital services, S.B. 1622 requires the Health and Human Services Commission to develop a strategic plan for rural hospital care access and establishes a new category of hospital license for limited services rural hospitals, contingent upon the federal government establishing a payment program for these types of hospitals.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 2 of this bill.

ANALYSIS

S.B. 1622 amends the Government Code to require the Health and Human Services Commission (HHSC) to develop and implement a strategic plan to ensure that the citizens of Texas residing in rural areas have access to hospital services. The bill sets out the required contents of the strategic plan. The bill requires HHSC to submit the strategic plan not later than January 1, 2020, to the Legislative Budget Board (LBB) for review and comment. The bill prohibits HHSC from beginning implementation of the proposal contained in the strategic plan until the strategic plan is approved by the LBB. The bill requires HHSC, not later than November 1 of each even-numbered year, to submit a report regarding HHSC development and implementation of the strategic plan to the legislature, the governor, and the LBB.

S.B. 1622 requires HHSC to establish the Rural Hospital 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. The bill provides for the composition and administration of the advisory committee.

S.B. 1622 requires HHSC to collaborate with the Office of Rural Affairs to ensure that Texas 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 U.S. Department of Health and Human Services.

S.B. 1622 amends the Health and Safety Code to prohibit a person from establishing, conducting, or maintaining a limited services rural hospital unless the U.S. Congress passes a bill

creating a payment program specifically for limited services rural hospitals or similarly designated hospitals that becomes law and HHSC issues a license to the person to establish, conduct, or maintain a limited services rural hospital. The bill defines "limited services rural hospital" as a general or special hospital that is or was licensed under the Texas Hospital Licensing Law and that:

- is located in a rural area, as defined by HHSC rule or by federal law, or is designated by the Centers for Medicare and Medicaid Services as a critical access hospital, rural referral center, or sole community hospital; and
- otherwise meets the requirements to be designated as a limited services rural hospital or a similarly designated hospital under federal law for purposes of the payment program.

S.B. 1622 requires the executive commissioner of HHSC, if the U.S. Congress enacts a bill creating an applicable payment program that becomes law, to adopt rules establishing minimum standards for the facilities and implementing the license requirement provisions of S.B. 1622. The bill requires the standards to be at least as stringent as the standards established in the law creating the payment program for eligibility to qualify for the payment program.

S.B. 1622 requires an applicant for a limited services rural hospital license to submit an application for the license to HHSC in a form and manner prescribed by HHSC and pay any required fee. The bill requires HHSC to issue a license to act as a limited services rural hospital if the applicant complies with the applicable rules and standards. The bill authorizes HHSC by order to waive or modify the requirement of a particular provision of the Texas Hospital Licensing Law or an applicable standard 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. The bill makes certain statutory provisions relating to a waiver or modification order applicable to a waiver or modification for a limited services rural hospital in the same manner as the provisions apply to a waiver or modification for a hospital. The bill establishes that a provision of the Texas Hospital Licensing Law related to HHSC enforcement authority applies to a limited services rural hospital.

S.B. 1622 requires the executive commissioner to establish by rule, and requires HHSC to collect, a fee for issuing and renewing a limited services rural hospital license that is in an amount reasonable and necessary to cover the costs of administering and enforcing the bill's provisions. The bill requires all such collected fees to be deposited in the state treasury to the credit of HHSC to administer and enforce the bill's provisions.

EFFECTIVE DATE

September 1, 2019.

EXPLANATION OF AMENDMENTS

Committee Amendment No. 1

Committee Amendment No. 1 amends the Special District Local Laws Code to authorize the Midland County Hospital District of Midland County, Texas, to adopt, change the rate of, or abolish a sales and use tax at an election held in the district and to use revenue from the tax for any purpose of the district authorized by law. The amendment prohibits the district from adopting a sales and use tax 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 the state having territory in the district would exceed two percent in any location in the district. The amendment makes the County Sales and Use Tax Act applicable to a district sales and use tax in the same manner as that act applies to the tax authorized by the act, except to the extent that a provision of the amendment applies.

Committee Amendment No. 1 authorizes the district to impose a sales and use tax 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, and to increase the rate of the tax 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. The amendment establishes that an election to adopt, change the rate of, or abolish a district sales and use tax is called by the adoption of an order of the district's board of directors. The amendment 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 district equal to at least five percent of the number of registered voters in the district petition the board to call the election. The amendment establishes that the adoption, change in the rate of, or abolition of a tax under the amendment's provisions relating to sales and use tax 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 receives notice of the results of an election to adopt, change the rate of, or abolish the tax. If the comptroller determines that an effective date 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, the effective date may be extended by the comptroller until the first day of the next calendar quarter.

Committee Amendment No. 1 establishes that if the district is included within the boundaries of another taxing authority, defined by the amendment as any entity authorized to impose a local sales and use tax, and the adoption or increase in the rate of a district sales and use tax would result in a combined tax rate by the district and other political subdivisions of the 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 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 district election to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the district and other political subdivisions of not more than two percent at any location in the district and the combined tax rate is reduced to not more than two percent as a result of that election. These provisions of the amendment expressly do not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

Committee Amendment No. 1 amends the Tax Code to exclude the district's sales and use tax from the definition of "additional sales and use tax" applicable to property tax assessment provisions.