

SUBJECT: Creating a health care provider participation program in Grayson County

COMMITTEE: County Affairs — favorable, without amendment

VOTE: 8 ayes — Springer, Biedermann, Hunter, Neave, Roberts, Stickland,  
Thierry, Uresti

0 nays

1 absent — Coleman

WITNESSES: For — Charles Luband, AHCV; Bill Magers, Grayson County  
Commissioner's Court; Donald Lee, Texas Conference of Urban Counties;  
Gerard Hebert, Texoma Medical Center; Charles Cave, Wilson N. Jones  
Medical Center; (*Registered, but did not testify*: Jared Johnson, City of  
Denison; John Hawkins, Texas Hospital Association)

Against — None

On — (*Registered, but did not testify*: Ardas Khalsa, Health and Human  
Services Commission)

BACKGROUND: The Medicaid sec. 1115 transformation waiver is a 5-year demonstration  
project in effect through December 2017. The sec. 1115 waiver provides  
supplemental funding to certain Medicaid providers in Texas through the  
uncompensated care pool and the Delivery System Reform Incentive  
Payment (DSRIP) pool. The Health and Human Services Commission has  
requested an additional 21-month extension of the sec. 1115 waiver,  
through September 30, 2019.

The uncompensated care pool payments help offset the costs of  
uncompensated care, including indigent care, provided by local hospitals.  
DSRIP pool payments are incentives to hospitals and other providers to  
improve the health of patients and enhance access to and the quality and  
cost-effectiveness of health care.

Under the sec. 1115 waiver, eligibility for the uncompensated cost pool or DSRIP pool requires participation in a regional health care partnership, in which governmental entities, Medicaid providers, and other stakeholders develop a regional plan. Governmental entities must provide public funds called intergovernmental transfers to draw down funds from these pools.

Since 2013, the Legislature has authorized several counties and one city to create a local provider participation fund to access federal matching funds under the sec. 1115 waiver.

DIGEST:

HB 2062 would authorize the creation of a health care provider participation program in a county that met certain location and population requirements and was not served by a hospital district or public hospital (Grayson).

**Program creation.** The commissioners court could, by majority vote, adopt an order authorizing the county to participate in a county health care provider participation program. The program would authorize the county to collect a mandatory payment from each institutional health care provider in the county.

Mandatory payments would be deposited in a local provider participation fund (LPPF), which could be used for certain intergovernmental transfers and indigent care programs.

Each year, the commissioners court would be required to hold a public hearing on the amount of any mandatory payments required and how that revenue would be spent. Notice of the hearing would be published in a newspaper of general circulation in the county at least 10 days before the hearing.

**Mandatory payments.** The bill would require mandatory payments to the LPPF to be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the county. A mandatory payment could not exceed six percent of the aggregate net patient revenue of all the paying hospitals. A paying hospital could not add a mandatory

payment as a surcharge to a patient.

If a mandatory payment under this bill was ineligible for federal matching funds, the county could provide an alternative provision or procedure that conformed with the requirements of the federal Centers for Medicare and Medicaid Services.

**Use of funds.** The LPPF consists of all the revenue received by mandatory payments, money received from the Health and Human Services Commission (HHSC) as a refund of an intergovernmental transfer to the state for Medicaid supplemental payments, and the earnings of the fund.

Money in the LPPF could be used only to:

- fund intergovernmental transfers to the state to provide the nonfederal share of Medicaid supplemental payments under the sec. 1115 waiver;
- fund intergovernmental transfers to the state for Medicaid managed care organizations dedicated for payment to hospitals;
- subsidize indigent programs;
- refund a portion of a mandatory payment collected in error;
- refund hospitals the share of money received by the county from HHSC not used for Medicaid supplemental payments; and
- associated administrative expenses.

The bill would prohibit money in the LPPF from being commingled with other county funds. An intergovernmental transfer of funds could not be used to expand Medicaid eligibility.

**Federal waiver or authorization.** If a state agency determined that a waiver or authorization from a federal agency was necessary to implement the bill, the agency would be required to request that waiver or authorization and could delay implementation of the bill.

**Effective date.** The bill would take immediate effect if finally passed by a

two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017.

**SUPPORTERS  
SAY:**

HB 2062 would create a local provider participation fund (LPPF) in Grayson County, allowing the county to access federal funds allocated for uncompensated care costs. Grayson County hospitals have incurred more than \$32 million in uncompensated care costs by treating individuals without insurance. While a mechanism is in place to draw down supplemental payments under the sec. 1115 waiver, Grayson County does not have a county hospital to finance the intergovernmental transfer and access its share of funds. The bill would authorize the county to require mandatory payments from local hospitals to fund intergovernmental transfers. LPPF facilities would increase funding for hospitals without expanding Medicaid, increasing state property taxes, or increasing taxes for the residents of Grayson County.

The bill would not create a new burden on federal taxpayers, but rather would help Grayson County access its share of funds through an existing federal program.

**OPPONENTS  
SAY:**

While the program created under HB 2062 would not increase state or county taxes, the sec. 1115 waiver is still a burden on federal taxpayers.