

## **BILL ANALYSIS**

Senate Research Center

H.B. 1511  
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Health & Human Services  
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Engrossed

### **DIGEST**

Currently, Texas enhances the Medicaid reimbursement rates it pays to teaching hospitals by permitting the inclusion of the allowable graduate medical education (GME) costs in its reimbursement rates. The purpose of these payments is to compensate for the higher costs associated with the clinical training of medical residents. As Texas increasingly emphasizes primary and outpatient care, both inpatient admissions and Medicaid payments for hospital services are decreasing. As the state's managed care growth continues, the portion of cost for GME will increasingly be directed toward these managed care entities. Managed care organizations are not obligated to forward the GME component of their capitated rate to teaching institutions. Nationally, state governments, in collaboration with their academic medical centers and various health service organizations, are devising innovative methods of financing their GME programs. H.B. 1511 directs the Texas Department of Health to distribute funds for GME through a formula consistent with the GME needs of Texas and in consultation with the Texas Higher Education Coordinating Board (board). This legislation also requires the board to allocate funding and administer a program for GME.

### **PURPOSE**

As proposed, H.B. 1511 provides for the administration and allocation of Medicaid and other funds to pay for graduate medical education.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 32B, Human Resources Code, by adding Section 32.0315, as follows:

Sec. 32.0315. FUNDS FOR GRADUATE MEDICAL EDUCATION. Requires the Texas Department of Health (department) to establish procedures and formulas for the allocation of federal medical assistance funds that are directed to be used to support graduate medical education in connection with the medical assistance program. Sets forth the terms by which the department is required to allocate the funds in the manner the department determines to most effectively and equitably achieve the purposes for which those federal funds are received, consistent with, and taking into account certain factors. Requires the department to consult with the Texas Higher Education Coordinating Board (board) before adopting or revising a formula. Requires the board, at the department's request, to provide the department with any information the board possesses. Sets forth the formula which the department is required to use in reimbursing each teaching hospital. Sets forth the method by which the department is required to make payments. Defines "primary care." Establishes the amounts each teaching hospital that received federal medical assistance funds for training residents in the state fiscal year ending August 31, 1995, is required to receive.

SECTION 2. Amends Chapter 61C, Education Code, by adding Section 61.0594, as follows:

Sec. 61.0594. COORDINATED FUNDING OF GRADUATE MEDICAL EDUCATION. Sets forth the terms by which the board is required to administer a program to support graduate medical education programs. Authorizes the board to make grants or formula distributions from money available to the program to certain programs and activities. Sets forth the terms by which an institution or other entity is eligible to receive a grant or distribution, and by which the program is funded. Establishes the conditions by which the comptroller of public accounts is required to issue warrants to institutions or entities which receive grants, and by which an amount granted may be used to cover certain expenses. Requires the board to appoint an advisory committee to advise the board regarding the development and administration of the program, and sets forth other provisions regarding the composition, terms, meetings, and compensation of members of the committee. Requires the advisory committee to perform certain functions.

SECTION 3. Effective date: September 1, 1997.  
Makes application of this Act prospective.

SECTION 4. Emergency clause.