

## **BILL ANALYSIS**

Senate Research Center

S.B. 276  
By: Patterson  
Health & Human Services  
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As Filed

### **DIGEST**

Currently, mental health, chemical dependency, and or mental retardation services cannot be provided through networks because the system is limited. Because public health organizations are performing more services, it is important that networks of service providers are created that are flexible enough to meet the needs of those it serves. S.B. 276 establishes the requirements for the creation and function of networks by community centers providing mental health, chemical dependency, and mental retardation services.

### **PURPOSE**

As proposed, S.B. 276 establishes requirements for the creation of networks to provide mental health, chemical dependency, and mental retardation services.

### **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 534, Health and Safety Code, by adding Subchapters C and D, as follows:

#### **SUBCHAPTER C. NETWORKS**

Sec. 534.101. DEFINITIONS. Defines "network," "network board," and "provider."

Sec. 534.102. ESTABLISHMENT AND OPERATION OF NETWORKS. Authorizes a community center to create a network to assist in ensuring that a continuum of mental health, chemical dependency, and/or mental retardation services (services) is available and that this service is provided efficiently and effectively and sets forth duties of the network. Requires the board of trustees of the community center to function as the network board if one community center creates a network. Requires a board to be established by participating community centers under interlocal agreement if more than one community center creates a network. Provides that a network board may engage in activities and sets forth types of activities in which the board may engage. Authorizes a community center to be a provider and participate in its network as a provider of services if the community center meets certain requirements.

Sec. 534.103. CONTRACTUAL AUTHORITY. Provides that a network established and operating under this subchapter meeting certain definitions is considered a "provider" and may enter into "provider" contracts with any health maintenance organization (HMO) in Texas. Provides that neither a network or a community center that creates a network is required to be licensed as an HMO. Authorizes a network board to enter into administrative and management contracts with an HMO.

Sec. 534.104. COMPENSATION OF PROVIDERS. Authorizes a network to compensate providers contracted to it for services under any compensation arrangement authorized by the network board.

Sec. 534.105. OBTAINING FUNDS. Sets forth authorization for a network to obtain funds and establishes entities from which funds may be obtained.

Sec. 534.106. LIMITATIONS ON SERVICES PROVIDED BY A NETWORK. Authorizes a network to provide only services as approved by the Texas Department of Mental Health and Mental Retardation under Subchapter A of this Chapter.

Sec. 534.107. ADDITIONAL DUTIES. Provides that a person who serves on a network board who is also an officer, trustee, or employee of a governmental entity, performs duties on the network board as an additional duty to regular employment.

Sec. 534.108. LIABILITY. Provides that certain persons are not liable to claims or judgments against the community center, the network board, the network, or any network provider, unless the claims relate to the network's operation.

#### SUBCHAPTER D. NETWORK FUND MANAGEMENT

Sec. 534.125. DEFINITIONS. Defines "operational plan," "network pool," "network," "network board," and "provider."

Sec. 534.126. FUNDS MANAGEMENT. Requires all funds received by a network board under contract with any payor to remain the property of the community center or group of community centers that created the network. Provides that neither a community center or network board is required to return to a payor any funds received under a contract that exceed the actual costs of services, if conditions of the contract are met.

Sec. 534.127. CREATION OF NETWORK POOL. Requires a network board entering into at-risk contracts to create a network pool for the management of the funds received under such contracts. Requires funds allocated to the network pool to be deposited and maintained in separate accounts and be segregated from other community center or network funds.

Sec. 534.128. PURPOSE OF NETWORK POOL. Requires the network pool to be used to cover the network's costs and any obligations in providing service for at-risk contracts and to establish surplus funds to assure that the network can meet its obligations under such contracts and this subchapter.

Sec. 534.129. NETWORK POOL ADMINISTRATION. Establishes duties of the network board. Authorizes the network board to employ or contract with persons and businesses to manage and operate the network pool.

Sec. 534.130. POOL OPERATIONAL PLAN. Requires the network board to adopt, at the time of creation of a network pool, the initial operational plan for the pool. Sets forth requirements of the operational plan that addresses the organization, operation, management, and finances of the network pool. Authorizes the board to amend the operational plan as necessary to carry out the provisions of this subchapter.

Sec. 534.131. BOND. Requires persons who have any authority over funds in the network pool to execute a bond in an amount determined by the network board, payable to the network pool, based on the faithful performance of the persons' duties. Requires the cost of the bond to be paid by the network pool.

Sec. 534.134. FUNDS IN NETWORK POOL. Sets forth funds to be included in the network pool. Authorizes the board of trustees of a community center to use funds from any source to initially provide operating funds and surplus for the network pool at the creation of the pool.

Sec. 534.132. USE OF NETWORK POOL FUNDS. Sets forth conditions for which funds in the network pool are to be used.

Sec. 534.133. PURCHASE OF REINSURANCE, ETC. Authorizes the network board to purchase any risk protection benefit for protecting the solvency of the network pool and for fulfilling its responsibilities.

Sec. 534.134. RISK MANAGEMENT. Authorizes the network board to adopt a risk management program.

Sec. 534.135. APPLICATION OF CERTAIN LAWS. Provides that a network pool created under this subchapter is not considered to be related to the business of insurance, and the Texas Department of Insurance and the Commissioner of Insurance have no jurisdiction over a network pool created under this section.

Sec. 534.136. UTILIZATION OF EXCESS FUNDS. Authorizes the network board to utilize excess funds to expand services offered by the community center or community centers, if the amount remaining in the network pool exceeds the amount of funds necessary to cover the obligations at the end of the network's fiscal year. Requires expanded programs offered by the community centers with excess network pool funds to be programs that will further the missions of the community centers.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.