

## **BILL ANALYSIS**

Senate Research Center  
76R11093 AJA-D

C.S.H.B. 1194  
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Economic Development  
5/12/1999  
Committee Report (Substituted)

### **DIGEST**

The 75th Texas Legislature enacted legislation creating the statewide rural health care system. This system provided rural communities an alternative to urban-based health maintenance organizations now operating in rural Texas. To improve the implementation of the system, changes could be made as to the designation of rural areas and the regulation of care on a prepaid basis. C.S.H.B. 1194 would amend regulation of a statewide rural health care system.

### **PURPOSE**

As proposed, C.S.H.B. 1194 amends regulation of a statewide rural health care system.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

**SECTION 1. (a) GOALS OF SYSTEM.** Designates the statewide rural health care system to incorporate consumer-oriented attributes considered imported to a successful health care organization. Specifies the attributes of a successful health care organization.

(b) **PATIENT RIGHTS POLICIES.** Sets forth patient-focused considerations that the statewide rural health care system (system) is intended to incorporate.

(c) **PATIENT-PHYSICIAN RELATIONSHIP.** Sets forth assurances the system intends to preserve regarding significant, traditional, and ethical relationships between a patient and the patient's health care provider.

(d) **PUBLIC HEALTH AND PREVENTION.** Intends the system to use incentives to promote healthy communities and individuals by using a public health model that focuses on certain health aspects.

(e) **CREDENTIALS AND PEER REVIEW.** Intends the system to focus on processes for obtaining credentials and performing peer review that consider the rural communities and that track processes required under federal and state law, to ensure that enrollees receive quality health care. Intends local physicians and hospitals to retain responsibility for these purposes that are not intended to exclude otherwise qualified practitioners from participation.

(f) **QUALITY IMPROVEMENT AND MANAGEMENT.** Intends the system to utilize standard guidelines established by the National Committee on Quality Assurance and other recognized accrediting organizations to ensure that the program achieves certain objectives and to emphasize establishing certain benchmarks.

**SECTION 2.** Amends Article 20C.02, Insurance Code, to redefine "rural area." Requires the commissioner of insurance (commissioner) to consider certain criteria of an urbanized areas in designating rural areas.

**SECTION 3.** Amends Article 20C.03, Insurance Code, to provide that the system is established to provide health care services, rather than to provide health care services on a prepaid basis, to enrollees who reside in rural areas.

SECTION 4. Amends Article 20C.04, Insurance Code, to require the system to obtain a certificate of authority, if the system arranges for or provides health care services to enrollees in exchange for a predetermined payment per enrollee on a prepaid basis. Deletes a requirement that makes a system eligible for designation. Authorizes the commissioner to provide, by rule, exceptions to the application of provisions of Chapter 20A, V.T.I.S. (Texas Health Maintenance Organization Act), relating to mileage, distance, and network adequacy and scope. Makes conforming changes.

SECTION 5. Amends Article 20C.07(a), Insurance Code, to provide that members of the statewide rural health care system (board) serve terms that expire December 1 of each even-numbered year, rather than February 1 of each odd-numbered year.

SECTION 6. Amends Article 20C.08(f), Insurance Code, to authorize, rather than require, the board to appoint an advisory committee to represent certain health care services. Sets forth meeting requirements for the board. Deletes composition requirements of the board.

SECTION 7. Amends Article 20C.14, Insurance Code, as follows:

Art. 20C.14. New heading: MANDATED PROVIDER. Provides that the system operates under certificate of authority of the Texas Health Maintenance Organization Act in regards to certain Medicaid reimbursements. Deletes provisions that make this article inapplicable to certain contracts. Makes conforming changes.

SECTION 8. Effective date: September 1, 1999.  
Makes application of this Act prospective.

SECTION 9. Emergency clause.