

BILL ANALYSIS

Senate Research Center
83R19767 JSL-F

C.S.S.B. 1401
By: Carona
Health & Human Services
4/23/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

While most laboratory tests provided for Texas Medicaid patients are performed at in-state facilities, a limited number of specialized tests are performed at laboratories outside the state. Due to the small number of these tests that are performed, as well as the capital investment needed to sustain these laboratories, placing a laboratory in every state is cost-prohibitive and inefficient.

In October of 2010, the Health and Human Services Commission (HHSC) published new rules related to the eligibility of out-of-state laboratories providing diagnostic services that were ostensibly designed to encourage the use of in-state laboratories whenever possible in the interest of convenience and economic development. The rule did not prohibit the use of out-of-state laboratories, but provided guidelines for when out-of-state providers would be eligible for enrollment in HHSC programs. However, this issue could use clarification in law, as some out-of-state providers are denied reimbursement when they are providing medically necessary services to Texans.

C.S.S.B. 1401 prevents erroneous application of rules relating to diagnostic laboratory services and provides that these services, regardless of where they are performed, will be considered to be provided by an in-state provider if the parent company maintains lab operations within the state and employs at least 1,000 persons. C.S.S.B. 1401 does not otherwise affect the eligibility of out-of-state providers.

C.S.S.B. 1401 amends current law relating to the eligibility of certain providers of laboratory services to participate in programs administered by health and human services agencies or the Health and Human Services Commission.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 531, Government Code, by adding Section 531.066, as follows:

Sec. 531.066. PARTICIPATION OF DIAGNOSTIC LABORATORY SERVICE PROVIDERS IN CERTAIN PROGRAMS. Authorizes a diagnostic laboratory, notwithstanding any other law, to participate as an in-state provider under any program administered by a health and human services agency or the Health and Human Services Commission (HHSC) that involves diagnostic laboratory services, regardless of the location where any specific service is performed or where the laboratory's facilities are located if:

- (1) the laboratory or an entity that is a parent, subsidiary, or other affiliate of the laboratory maintains diagnostic laboratory operations in this state;

(2) the laboratory and each entity that is a parent, subsidiary, or other affiliate of the laboratory, individually or collectively, employ at least 1,000 persons at places of employment located in this state; and

(3) the laboratory is otherwise qualified to provide the services under the program and is not prohibited from participating as a provider under any benefits programs administered by a health and human services agency or HHSC based on conduct that constitutes fraud, waste, or abuse.

SECTION 2. Effective date: upon passage or September 1, 2013.