

## **BILL ANALYSIS**

Senate Research Center  
85R11733 KKR-D

S.B. 1207  
By: Schwertner  
Health & Human Services  
3/20/2017  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Twenty years ago, the Legislature adopted Section 533.004, Government Code, to require the Health and Human Services Commission (HHSC) to contract with hospital district managed care organizations (MCOs) in the state's Medicaid program. Since the inception of these mandatory protections, the managed care model has matured and hospital district MCOs have become much more sophisticated and capable of competing with for profit-health plans.

S.B. 1207 removes the statutory requirement that HHSC contract with these plans, while retaining protections requiring the agency to give preference to organizations that have significant participation in the organization's provider network from each health care provider in the region who has traditionally provided care to Medicaid and charity care patients.

This legislation will ensure that consideration is given to the historically beneficial role hospital district health plans have played in the Medicaid system, while ensuring that HHSC is able to comply with statutory requirements that they engage in competitive bidding on MCO contracts, and allowing all providers the same opportunities when obtaining these contracts.

As proposed, S.B. 1207 amends current law relating to the repeal of certain contracting requirements under the Medicaid managed care delivery model.

### **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 Section 533.003(a), Government Code, to delete existing text requiring the Health and Human Services Commission, in awarding contracts to managed care organizations, in the initial implementation of managed care in the South Texas service region, to give extra consideration to an organization that is in compliance with the requirements of Section 533.004 (Mandatory Contracts), Government Code.

SECTION 2. Repealer: Section 533.004, Government Code.

SECTION 3. Effective date: upon passage or September 1, 2017.