

STATE LEGISLATIVE REPORT



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TORCH

Government Relations

June 27, 2017

BILLS, BILLS, BILLS

- Regular session started on January 10 and ended on May 29.
- Bills filed – 6,631
- Bills and resolutions – 7,051
- Bills passed – 1,285
- Lowest number filed and passed in years.
- 50 bills vetoed by the Governor, none impacting rural hospitals.



THE BUDGET

- Almost flat from the current budget.

2018-19 budget \$216.8 billion

2016-17 budget final \$216.4 billion

2016-17 original \$209 billion



THE BUDGET

- 4 to 10% cuts to most state agencies and universities



- Children's Protective Services funding increased by \$500 million.
- Mental health funding increased by well over \$400 million.
- Funds for public education are increased by \$1 billion for the two year budget (mostly enrollment growth).

THE BUDGET

- Border security increase of \$800 million from last session continued - 250 more state troopers and 100 support staff.
- State Comptroller never increased the projected revenue, limiting the ability of the Legislature to spend extra without making corresponding reductions elsewhere.
- The budget uses almost \$1 billion from the Rainy Day Fund and delays the transfer of \$1.8 billion out of the general fund for highways from one budget cycle into the next one.

THE BUDGET

- The Governor approved the budget on June 12th but did strike approximately \$120 million from the budget out of various appropriations, but none impacting health or hospitals.



MEDICAID



2018-19 budget	\$62.4 billion
2016-17 budget	\$64.1 billion

- No reductions to rural and other hospitals.
- The “rural hospital” definition clarified to not include urban Rural Referral Centers of more than 100 beds which will avoid artificially inflating “rural hospital” Medicaid expenses by \$90 million a year.
- Trauma funding preserved.

MEDICAID

- \$1 billion in legislatively directed savings from containing program costs.
- Medicaid funding does not account for growth of persons eligible for Medicaid.
- Therapy cuts – of the \$350 million cut from therapy in 2015, 25% of the cut is restored.

OTHER BUDGET ISSUES

- Trauma funding protected – dollars generated from the DRP program provide the trauma designation payments as well the increased rural hospital Medicaid rates approved in 2015.
- Physician loan repayment program reduced from \$16.9 million a year to \$12.7 million a year starting in September– the program that reimburses physicians practicing in a HPSA up to \$140,000 across four years.
- Nursing training reduced almost \$14 million.

OTHER BUDGET ISSUES

- Complimentary online continuing education for rural hospitals from SORH and Texas Tech eliminated – not a direct budget cut. Originally omitted from TDA budget request for FY 16-17.



NEW LAWS

- Caregiver designation (HB 2425) – requires hospitals to notify a patient of their right to designate a caregiver to receive aftercare instructions regarding the patient.
- Sexual assault exams (HB 3152) – requires hospitals not designated as the community hospital for sexual assault forensic exams (most rural hospitals) to arrange for transportation of a sexual assault victim (if they request) to a designated hospital. (All hospitals still required to have exam nurses).

NEW LAWS

- Fetal remains (SB 8) – somewhat mirroring an earlier issued DSHS rule – requires disposal of fetal remains at any gestational age by hospitals and other facilities by interment, cremation, or incineration followed by interment.
- Nursing peer review (HB 3296) – nursing peer review will be required for facilities with 8 or 9 nurses, which were previously exempted from the requirement. Less than 8 still exempt. Current law states facilities with 10 or more nurses.

NEW LAWS

- Advanced practice nurses (SB 654) – clarifies that managed care plans, including those associated with Medicaid, may credential advanced practice nurses as primary care providers when the nurse's delegating physician is not an in-network provider.
- (SB919) - allows APRNs and PAs to sign out of hospital do not resuscitate orders and death certificates for purposes of palliative and hospice care, and is effective immediately.

DODGING THE BULLET

- No rural hospital pharmacy supervision changes.
- Property tax caps (special session item).
- Increased hospital fines died.
- Election dates limited to March and November died.
- No prompt pay law changes.
- Nursing home provider tax died.

TELEMEDICINE

- (SB 1107) – Lessens requirements to establish physician/patient relationship for purposes of a telemedicine consult. Opens the door to use in the home.
- (HB 1697) – provides for grants for rural hospital pediatric and neonatal telemedicine services, but no funding.
- (SB 1633) – opens door for rural telepharmacy sites operated by a retail pharmacy. Requires experienced tech on the remote end.

SPECIAL SESSION – Deja Vu All Over

- Starts July 18 for 30 days.
- 20 items.
- Continuation of Medical Board and several other small state agencies.
- Property tax cap, abortion complication reporting, and DNR issues probably only impact areas for rural hospitals.

RURAL HOSPITAL UNDERPAYMENT

- Legislature did not address the rural hospital Medicaid underpayment issue other than directive to HHSC to study it.
- Conflict between managed care and cost based.
- Underpayment came to light last fall with uncompensated care report.
- Estimated at \$65 million a year.
- TORCH had a bill filed (SB2088) to mandate into state law a true cost payment to rural hospitals.

RURAL HOSPITAL UNDERPAYMENT

- HHSC lost control over Medicaid payments when state transitioned to managed care – *despite rider.*
- CMS will not let HHSC micromanage MCOs.
- Rural hospitals **MUST** take issue into own hands.
 - Check your contracts!!
 - Calculate what payment should be on EVERY claim.
 - Appeal denials and any claim not fully paid
 - File complaints with HHSC after accumulating a number of appeals
 - Keep a log on every claim and action related to it

FEDERAL HEALTH CARE REFORM

- House passed its version in May – Senate trying
- Mandates gone.
- Higher uninsured certain with elimination of mandates and increased premiums, especially for older, higher utilizers of health care
- Reduces deficit - Senate: \$321 billion - House: \$119 billion
- Medicaid cuts – Senate: \$772 billion - House: \$834 billion
- Increased in uninsured – Senate: 22 million - House: 24 million
- Stops impending DSH cuts
- Concern for Texas – Medicaid block grant or per capita might not pace growth in current Medicaid as the starting “benchmark” could be low.

QUESTIONS??

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