

SENATE AMENDMENTS

2nd Printing

By: VanDeaver, Lambert, King, Johnson, Ashby,
et al.

H.B. No. 18

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the establishment and administration of certain
3 programs and services providing health care services to rural
4 counties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. This Act may be cited as the Rural Health
7 Stabilization and Innovation Act.

8 SECTION 2. Sections 526.0301(b) and (c), Government Code,
9 are amended to read as follows:

10 (b) The strategic plan must include:

11 (1) a proposal for using at least one of the following
12 methods to ensure access to hospital services in the rural areas of
13 this state:

14 (A) an enhanced cost reimbursement methodology
15 for the payment of rural hospitals participating in the Medicaid
16 managed care program in conjunction with a supplemental payment
17 program for rural hospitals to cover costs incurred in providing
18 services to recipients;

19 (B) a hospital rate enhancement program
20 applicable only to rural hospitals;

21 (C) a reduction of punitive actions under
22 Medicaid that require reimbursement for Medicaid payments made to a
23 rural hospital provider, a reduction of the frequency of payment
24 reductions under Medicaid made to rural hospitals, and an

1 enhancement of payments made under merit-based programs or similar
2 programs for rural hospitals;

3 (D) a reduction of state regulatory-related
4 costs related to the commission's review of rural hospitals; or

5 (E) in accordance with rules the Centers for
6 Medicare and Medicaid Services adopts, the establishment of a
7 minimum fee schedule that applies to payments made to rural
8 hospitals by Medicaid managed care organizations; ~~and~~

9 (2) target dates for achieving goals related to the
10 proposal described by Subdivision (1); and

11 (3) a rural hospital financial needs assessment and
12 financial vulnerability index quantifying the likelihood that a
13 rural hospital, during the next two-year period, will be able to:

14 (A) maintain the types of patient services the
15 hospital currently offers at the same level of service;

16 (B) meet the hospital's current financial
17 obligations; and

18 (C) remain operational.

19 (c) Not later than December ~~[November]~~ 1 of each
20 even-numbered year, the State Office of Rural Hospital Finance
21 established under Section 526.0304 ~~[commission]~~ shall submit a
22 report regarding the ~~[commission's]~~ development and implementation
23 of the strategic plan to:

24 (1) the legislature;

25 (2) the governor; and

26 (3) the Legislative Budget Board.

27 SECTION 3. Subchapter G, Chapter 526, Government Code, is

1 amended by adding Sections 526.0304 and 526.0305 to read as
2 follows:

3 Sec. 526.0304. STATE OFFICE OF RURAL HOSPITAL FINANCE. The
4 commission shall establish and maintain the State Office of Rural
5 Hospital Finance within the commission to provide technical
6 assistance for rural hospitals and health care systems in rural
7 areas of this state that participate or are seeking to participate
8 in state or federal financial programs, including Medicaid.

9 Sec. 526.0305. TEXAS RURAL HOSPITAL OFFICERS ACADEMY. (a)
10 In this section:

11 (1) "Institution of higher education" has the meaning
12 assigned by Section 61.003, Education Code.

13 (2) "Rural county" means a county with a population of
14 68,750 or less.

15 (3) "Rural hospital" has the meaning assigned by
16 Section 548.0351.

17 (b) To the extent money is appropriated to the commission
18 for the purpose, the commission shall contract with at least two but
19 not more than four institutions of higher education to administer
20 an academy to provide professional development and continuing
21 education programs for the officers of rural hospitals and other
22 health care providers located in rural counties. The academy must
23 offer at least 100 hours of coursework each year that consists of
24 courses and technical training on matters that impact the financial
25 stability of rural hospitals and rural health care systems,
26 including:

27 (1) relevant state and federal regulations;

1 (2) relevant state and federal financial programs;

2 (3) business administration, including revenue
3 maximization;

4 (4) organizational management; and

5 (5) other topics applicable to the financial stability
6 of rural hospitals and rural health care systems.

7 (b-1) The commission shall establish an interagency
8 advisory committee to oversee the development of the academy's
9 curriculum. The advisory committee is composed of the following
10 members appointed by the executive commissioner:

11 (1) a representative of the commission;

12 (2) a representative of two or more institutions of
13 higher education;

14 (3) a representative of the Department of State Health
15 Services;

16 (4) a representative of the Texas Department of
17 Insurance;

18 (5) a representative of the state auditor's office;

19 (6) a representative of a rural hospital; and

20 (7) a representative of any state agency the executive
21 commissioner determines is appropriate.

22 (b-2) The advisory committee established under Subsection
23 (b-1) is abolished on the earlier of:

24 (1) the date the advisory committee adopts a
25 curriculum; or

26 (2) September 1, 2027.

27 (b-3) This subsection and Subsections (b-1) and (b-2)

1 expire September 1, 2028.

2 (c) The commission shall establish criteria for the
3 screening and selection of applicants for admission to an academy
4 and include the criteria in each contract entered into under
5 Subsection (b). An institution of higher education that receives a
6 contract to administer an academy under Subsection (b) shall notify
7 the commission when the institution completes the applicant
8 selection process and provide information to the commission
9 regarding the qualifications of the applicants.

10 (d) Participation in an academy is limited to individuals
11 who are responsible for, or who anticipate becoming responsible
12 for, the financial stability of a rural hospital or rural health
13 care system in this state.

14 (e) An institution of higher education that receives a
15 contract to administer an academy under Subsection (b):

16 (1) shall accept new participants for the academy each
17 year;

18 (2) shall offer to reimburse academy participants for
19 travel and related expenses; and

20 (3) may not claim or charge a participant for
21 admission to or participation in the academy or any associated
22 services.

23 SECTION 4. Chapter 526, Government Code, as effective April
24 1, 2025, is amended by adding Subchapter G-1 to read as follows:

25 SUBCHAPTER G-1. GRANT PROGRAMS FOR RURAL HOSPITALS, HOSPITAL
26 DISTRICTS, AND HOSPITAL AUTHORITIES

27 Sec. 526.0321. DEFINITIONS. In this subchapter:

1 (1) "Hospital district" means a hospital district
2 created under the authority of Sections 4 through 11, Article IX,
3 Texas Constitution.

4 (2) "Office" means the State Office of Rural Hospital
5 Finance established under Section 526.0304.

6 (3) "Rural county" means a county with a population of
7 68,750 or less.

8 (4) "Rural hospital" has the meaning assigned by
9 Section 548.0351.

10 (5) "Rural hospital authority" means a hospital
11 authority located in a rural county.

12 (6) "Rural hospital district" means a hospital
13 district located in a rural county.

14 (7) "Rural hospital organization" means a statewide
15 nonprofit organization that provides services to rural hospitals.

16 Sec. 526.0322. FINANCIAL STABILIZATION GRANT PROGRAM. (a)
17 The commission shall establish a financial stabilization grant
18 program to award grants to support and improve the financial
19 stability of rural hospitals, rural hospital districts, and rural
20 hospital authorities that are determined to be at a moderate or high
21 risk of financial instability.

22 (b) The determination of whether a grant applicant is at a
23 moderate or high risk of financial instability shall be made using
24 the hospital financial needs assessment and financial
25 vulnerability index developed as part of the strategic plan
26 required under Section 526.0301.

27 (b-1) Notwithstanding Subsection (b), for a grant

1 application received before December 1, 2026, the office shall
2 determine whether the applicant is at a moderate or high risk of
3 financial instability by evaluating data published by the
4 commission regarding the financial stability of rural hospitals,
5 rural hospital districts, and rural hospital authorities. This
6 subsection expires September 1, 2027.

7 (c) The office shall develop a formula to allocate the money
8 available to the commission for grants under this section to rural
9 hospitals, rural hospital districts, and rural hospital
10 authorities that are determined to be at a moderate or high risk of
11 financial instability. The formula may consider:

12 (1) the degree of financial vulnerability of the
13 applicant as determined using the hospital financial needs
14 assessment and financial vulnerability index developed under
15 Section 526.0301;

16 (2) whether the applicant is the sole provider of
17 hospital services in the county in which the applicant is located;

18 (3) whether a hospital is located within 35 miles of
19 the applicant's facilities; and

20 (4) any other factors the office determines are
21 relevant to assessing the financial stability of rural hospitals,
22 rural hospital districts, and rural hospital authorities.

23 Sec. 526.0323. EMERGENCY HARDSHIP GRANT PROGRAM. (a) The
24 commission shall establish an emergency hardship grant program.

25 (b) The office may award emergency hardship grants to rural
26 hospitals, rural hospital districts, and rural hospital
27 authorities that have experienced:

1 (1) a man-made or natural disaster resulting in a loss
2 of assets; or

3 (2) an unforeseeable or unmitigable circumstance
4 likely to result in:

5 (A) the closure of the entity's facilities during
6 the 180-day period beginning on the date the entity submits an
7 application for a grant under this section; or

8 (B) an inability to fund payroll expenditures for
9 the entity's staff during the 180-day period beginning on the date
10 the entity submits an application for a grant under this section.

11 Sec. 526.0324. INNOVATION GRANT PROGRAM. (a) The
12 commission shall establish an innovation grant program to provide
13 support to rural hospitals, rural hospital districts, and rural
14 hospital authorities that undertake initiatives:

15 (1) to provide access to health care and improve the
16 quality of health care provided to residents of a rural county;

17 (2) that are likely to improve the financial stability
18 of the grant recipient; and

19 (3) that are estimated to become sustainable and be
20 maintained without additional state funding after the award of a
21 grant under this section.

22 (b) In awarding grants under this section, the office shall
23 prioritize initiatives focused on improving health care facilities
24 or services for:

25 (1) women who are pregnant or recently gave birth;

26 (2) individuals under the age of 20;

27 (3) older adults residing in a rural county; or

1 (4) individuals who are uninsured.

2 Sec. 526.0325. RURAL HOSPITAL SUPPORT GRANT PROGRAM. The
3 commission shall establish a rural hospital support grant program
4 to award support grants to rural hospitals, rural hospital
5 districts, rural hospital authorities, and rural hospital
6 organizations to improve the financial stability, continue the
7 operations, and support the long-term viability of the grant
8 recipient.

9 Sec. 526.0326. GENERAL GRANT PROVISIONS. (a) Chapter 783
10 does not apply to the solicitation of applicants for a grant under
11 this subchapter.

12 (b) To the extent practicable, the office shall award a
13 grant under this subchapter not later than the 180th day after the
14 date the office receives the recipient's grant application.

15 (c) A Medicaid provider's receipt of a grant under this
16 subchapter does not affect any legal or contractual duty of the
17 provider to comply with any applicable Medicaid requirements.

18 (d) The office shall administer the grant programs
19 established under this subchapter.

20 (e) The office may award a grant under this subchapter only
21 in accordance with the terms of a contract between the office and
22 the grant recipient. The contract must include provisions under
23 which the office is granted sufficient control to ensure that:

24 (1) the grant funds are spent in a manner that is
25 consistent with the public purpose of providing adequate access to
26 quality health care; and

27 (2) both this state and the grant recipient are

1 benefited by the award of the grant.

2 (f) The office shall develop an application process and
3 eligibility and selection criteria for persons applying for a grant
4 under this subchapter.

5 (g) A grant recipient may not use the proceeds of a grant
6 awarded under this subchapter to:

7 (1) reimburse an expense or pay a cost that another
8 source, including Medicaid, is obligated to reimburse or pay by law
9 or under a contract; or

10 (2) supplant, or be used as a substitute for, money
11 awarded to the recipient from a non-Medicaid federal funding
12 source, including a federal grant.

13 Sec. 526.0327. APPROPRIATION CONTINGENCY. The commission
14 is required to implement a provision of this subchapter only if the
15 legislature appropriates money specifically for that purpose.

16 SECTION 5. Section 532.0155, Government Code, is amended by
17 amending Subsection (b) and adding Subsection (g) to read as
18 follows:

19 (b) To the extent allowed by federal law [~~and subject to~~
20 ~~limitations on appropriations~~], the executive commissioner by rule
21 shall adopt a prospective reimbursement methodology for the payment
22 of rural hospitals participating in Medicaid that ensures the rural
23 hospitals are reimbursed on an individual basis for providing
24 inpatient and general outpatient services to recipients by using
25 the hospitals' most recent cost information concerning the costs
26 incurred for providing the services. The commission shall
27 calculate the prospective cost-based reimbursement rates once

1 every two years.

2 (g) To the extent allowed by federal law, the executive
3 commissioner, in addition to the cost-based reimbursement rate
4 calculated by the executive commissioner under Subsection (b),
5 shall develop and calculate an add-on reimbursement rate for rural
6 hospitals that have a department of obstetrics and gynecology. The
7 executive commissioner shall calculate the rate required by this
8 subsection annually.

9 SECTION 6. Section 548.0351, Government Code, is amended by
10 adding Subdivisions (6-a) and (6-b) to read as follows:

11 (6-a) "Rural health clinic" has the meaning assigned
12 by Section 113.0001, Health and Safety Code.

13 (6-b) "Rural hospital" means a health care facility
14 licensed under Chapter 241, Health and Safety Code, that:

15 (A) is located in a county with a population of
16 68,750 or less; or

17 (B) has been designated by the Centers for
18 Medicare and Medicaid Services as a critical access hospital, rural
19 referral center, or sole community hospital and:

20 (i) is not located in a metropolitan
21 statistical area; or

22 (ii) if the hospital has 100 or fewer beds,
23 is located in a metropolitan statistical area.

24 SECTION 7. Section 548.0352, Government Code, is amended to
25 read as follows:

26 Sec. 548.0352. ESTABLISHMENT OF PEDIATRIC
27 TELE-CONNECTIVITY RESOURCE PROGRAM FOR RURAL TEXAS. The commission

1 with any necessary assistance of pediatric tele-specialty
2 providers shall establish a pediatric tele-connectivity resource
3 program for rural Texas to award grants to rural hospitals and rural
4 health clinics [~~nonurban health care facilities~~] to connect the
5 hospitals and clinics [~~the facilities~~] with pediatric specialists
6 and pediatric subspecialists who provide telemedicine medical
7 services or with an institution of higher education that is a member
8 of the Texas Child Mental Health Care Consortium established under
9 Chapter 113, Health and Safety Code.

10 SECTION 8. Section 548.0353, Government Code, is amended to
11 read as follows:

12 Sec. 548.0353. USE OF PROGRAM GRANT. A rural hospital or
13 rural health clinic [~~nonurban health care facility~~] awarded a grant
14 under this subchapter may use grant money to:

15 (1) purchase equipment necessary for implementing a
16 telemedicine medical service;

17 (2) modernize the hospital's or clinic's [~~facility's~~]
18 information technology infrastructure and secure information
19 technology support to ensure an uninterrupted two-way video signal
20 that is compliant with the Health Insurance Portability and
21 Accountability Act of 1996 (Pub. L. No. 104-191);

22 (3) pay a service fee to a pediatric tele-specialty
23 provider under an annual contract with the provider; or

24 (4) pay for other activities, services, supplies,
25 facilities, resources, and equipment the commission determines
26 necessary for the hospital or clinic [~~facility~~] to use a
27 telemedicine medical service.

1 SECTION 9. Section 548.0354, Government Code, is amended to
2 read as follows:

3 Sec. 548.0354. SELECTION OF PROGRAM GRANT RECIPIENTS. (a)
4 The commission [~~with any necessary assistance of pediatric~~
5 ~~tele-specialty providers~~] may select [~~an~~] eligible rural hospitals
6 and rural health clinics [~~nonurban health care facility~~] to receive
7 a grant under this subchapter.

8 (b) To be eligible for a grant, a rural hospital or rural
9 health clinic [~~nonurban health care facility~~] must maintain [~~have:~~

10 [~~(1) a quality assurance program that measures the~~
11 ~~compliance of the facility's health care providers with the~~
12 ~~facility's medical protocols;~~

13 [~~(2) on staff at least one full-time equivalent~~
14 ~~physician who has training and experience in pediatrics and one~~
15 ~~individual who is responsible for ongoing nursery and neonatal~~
16 ~~support and care;~~

17 [~~(3) a designated neonatal intensive care unit or an~~
18 ~~emergency department;~~

19 [~~(4) a commitment to obtaining neonatal or pediatric~~
20 ~~education from a tertiary facility to expand the facility's depth~~
21 ~~and breadth of telemedicine medical service capabilities; and~~

22 [~~(5) the capability of maintaining~~] records and
23 produce [~~producing~~] reports that measure the effectiveness of a
24 [~~the~~] grant received by the hospital or clinic under this
25 subchapter [~~facility would receive~~].

26 (c) To the extent practicable, the commission shall award a
27 program grant to a grant recipient not later than the 180th day

1 after the date the commission receives the recipient's program
2 grant application under this section.

3 (d) Chapter 783 does not apply to the solicitation of
4 applicants for a program grant award under this subchapter.

5 SECTION 10. Section 548.0357, Government Code, is amended
6 to read as follows:

7 Sec. 548.0357. BIENNIAL REPORT. Not later than December 1
8 of each even-numbered year, the commission shall submit a report to
9 the governor and members of the legislature regarding the
10 activities of the program and grant recipients under the program,
11 including the results and outcomes of grants awarded under this
12 subchapter. The commission may combine the report required by this
13 section with the report submitted by the State Office of Rural
14 Hospital Finance under Section 526.0301.

15 SECTION 11. Section 113.0001, Health and Safety Code, is
16 amended by adding Subdivisions (4), (5), and (6) to read as follows:

17 (4) "Rural health clinic" means a rural health clinic,
18 as defined by 42 C.F.R. Section 491.2, that is:

19 (A) accredited by an accreditation organization,
20 a participant in the federal Medicare program, or both; and

21 (B) located in a county that does not contain a
22 general hospital or special hospital, as those terms are defined by
23 Section 241.003.

24 (5) "Rural hospital" has the meaning assigned by
25 Section 548.0351, Government Code.

26 (6) "Rural hospital organization" has the meaning
27 assigned by Section 526.0321, Government Code.

1 SECTION 12. Chapter 113, Health and Safety Code, is amended
2 by adding Subchapter D-1 to read as follows:

3 SUBCHAPTER D-1. RURAL PEDIATRIC MENTAL HEALTH CARE ACCESS PROGRAM

4 Sec. 113.0181. MENTAL HEALTH CARE ACCESS PROGRAM FOR RURAL
5 HOSPITALS AND RURAL HEALTH CLINICS. (a) Using the network of
6 comprehensive child psychiatry access centers established under
7 Section 113.0151, the consortium shall establish or expand provider
8 consultation programs to assist health care practitioners
9 providing services at rural hospitals or rural health clinics to:

10 (1) identify and assess the behavioral health needs of
11 pediatric and perinatal patients seeking services at the hospital
12 or clinic; and

13 (2) identify necessary mental health care services to
14 improve access to mental health care services for pediatric and
15 perinatal patients seeking services at the hospital or clinic.

16 (b) The consortium, in collaboration with a rural hospital
17 organization, shall develop a plan to establish, under the
18 authority provided in Section 113.0151(b) and not later than
19 September 1, 2026, telemedicine or telehealth programs to identify
20 and assess behavioral health needs and provide access to mental
21 health care services for pediatric patients seeking services at
22 rural hospitals or rural health clinics. The plan may include
23 limitations on the hours of the day during which services provided
24 by the telemedicine or telehealth programs are available. The plan
25 shall provide access to mental health care services for pediatric
26 patients seeking services at the rural hospital or rural health
27 clinic at the same or a substantially similar level as the mental

1 health care services provided to students attending school in a
2 school district for which the consortium has made available mental
3 health care services under this chapter.

4 (c) On or after September 1, 2026, and subject to available
5 appropriations, the consortium shall establish a program
6 establishing or expanding telemedicine or telehealth programs to
7 identify and assess behavioral health needs and provide access to
8 mental health care services for pediatric patients seeking services
9 at rural hospitals or rural health clinics.

10 Sec. 113.0182. CONSENT REQUIRED FOR SERVICES TO MINOR. (a)
11 A person may provide mental health care services to a child younger
12 than 18 years of age through a program established under this
13 subchapter only if the person obtains the written consent of the
14 parent or legal guardian of the child or, if the parent or legal
15 guardian is not known or available, the adult with whom the child
16 primarily resides.

17 (b) The consortium shall develop and post on the
18 consortium's Internet website a model form for a person to provide
19 consent under this section.

20 (c) Consent under this section is ineffective if it purports
21 to authorize the provision of a mental health care service to a
22 child younger than 18 years of age that affirms a child's perception
23 of a child's gender that is inconsistent with the child's biological
24 sex.

25 SECTION 13. Section 113.0251, Health and Safety Code, is
26 amended to read as follows:

27 Sec. 113.0251. BIENNIAL REPORT. Not later than December 1

1 of each even-numbered year, the consortium shall prepare and submit
2 to the governor, the lieutenant governor, the speaker of the house
3 of representatives, ~~and~~ the standing committee of each house of
4 the legislature with primary jurisdiction over behavioral health
5 issues, and the Legislative Budget Board and post on its Internet
6 website a written report that outlines:

7 (1) the activities and objectives of the consortium;

8 (2) the health-related institutions of higher
9 education listed in Section 113.0052(1) that receive funding by the
10 executive committee;

11 (3) the rural hospitals and rural health clinics to
12 which the program established under Section 113.0181 provided
13 mental health access services;

14 (4) the cost to maintain the mental health care access
15 program established under Subchapter D-1; and

16 (5) [~~3~~] any legislative recommendations based on
17 the activities and objectives described by Subdivision (1).

18 SECTION 14. The following provisions of the Government Code
19 are repealed:

20 (1) Section 548.0351(1); and

21 (2) Section 548.0356.

22 SECTION 15. If before implementing any provision of this
23 Act a state agency determines that a waiver or authorization from a
24 federal agency is necessary for implementation of that provision,
25 the agency affected by the provision shall request the waiver or
26 authorization and may delay implementing that provision until the
27 waiver or authorization is granted.

1 SECTION 16. (a) Not later than December 1, 2025, the Health
2 and Human Services Commission shall contract with institutions of
3 higher education to administer an academy under Section 526.0305,
4 Government Code, as added by this Act.

5 (b) Not later than January 1, 2026, the executive
6 commissioner of the Health and Human Services Commission shall
7 appoint the members of the interagency advisory committee as
8 required by Section 526.0305, Government Code, as added by this
9 Act.

10 SECTION 17. This Act takes effect immediately if it
11 receives a vote of two-thirds of all the members elected to each
12 house, as provided by Section 39, Article III, Texas Constitution.
13 If this Act does not receive the vote necessary for immediate
14 effect, this Act takes effect September 1, 2025.

ADOPTED

MAY 25 2025

Latey Chew
Secretary of the Senate

By: Chad Perry

H.B. No. 18

Substitute the following for H.B. No. 18 :

By: Ally Harwood

C.S. H.B. No. 18

A BILL TO BE ENTITLED

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12 methods to ensure access to hospital services in the rural areas of
13 this state:

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15 for the payment of rural hospitals participating in the Medicaid
16 managed care program in conjunction with a supplemental payment
17 program for rural hospitals to cover costs incurred in providing
18 services to recipients;

19 (B) a hospital rate enhancement program
20 applicable only to rural hospitals;

21 (C) a reduction of punitive actions under
22 Medicaid that require reimbursement for Medicaid payments made to a
23 rural hospital provider, a reduction of the frequency of payment
24 reductions under Medicaid made to rural hospitals, and an

1 enhancement of payments made under merit-based programs or similar
2 programs for rural hospitals;

3 (D) a reduction of state regulatory-related
4 costs related to the commission's review of rural hospitals; or

5 (E) in accordance with rules the Centers for
6 Medicare and Medicaid Services adopts, the establishment of a
7 minimum fee schedule that applies to payments made to rural
8 hospitals by Medicaid managed care organizations; ~~and~~

9 (2) target dates for achieving goals related to the
10 proposal described by Subdivision (1); and

11 (3) a rural hospital financial needs assessment and
12 financial vulnerability index quantifying the likelihood that a
13 rural hospital, during the next two-year period, will be able to:

14 (A) maintain the types of patient services the
15 hospital currently offers at the same level of service;

16 (B) meet the hospital's current financial
17 obligations; and

18 (C) remain operational.

19 (c) Not later than December ~~[November]~~ 1 of each
20 even-numbered year, the State Office of Rural Hospital Finance
21 established under Section 526.0304 ~~[commission]~~ shall submit a
22 report regarding the ~~[commission's]~~ development and implementation
23 of the strategic plan to:

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25 (2) the governor; and

26 (3) the Legislative Budget Board.

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2 follows:

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6 assistance for rural hospitals and health care systems in rural
7 areas of this state that participate or are seeking to participate
8 in state or federal financial programs, including Medicaid.

9 Sec. 526.0305. TEXAS RURAL HOSPITAL OFFICERS ACADEMY. (a)
10 In this section:

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13 (2) "Rural county" means a county with a population of
14 68,750 or less.

15 (3) "Rural hospital" has the meaning assigned by
16 Section 548.0351.

17 (b) To the extent money is appropriated to the commission
18 for the purpose, the commission shall contract with at least two but
19 not more than four institutions of higher education to administer
20 an academy to provide professional development and continuing
21 education programs for the officers of rural hospitals and other
22 health care providers located in rural counties. The academy must
23 offer at least 100 hours of coursework each year that consists of
24 courses and technical training on matters that impact the financial
25 stability of rural hospitals and rural health care systems,
26 including:

27 (1) relevant state and federal regulations;

- 1 (2) relevant state and federal financial programs;
2 (3) business administration, including revenue
3 maximization;
4 (4) organizational management; and
5 (5) other topics applicable to the financial stability
6 of rural hospitals and rural health care systems.

7 (b-1) The commission shall establish an interagency
8 advisory committee to oversee the development of the academy's
9 curriculum. The advisory committee is composed of the following
10 members appointed by the executive commissioner:

- 11 (1) a representative of the commission;
12 (2) a representative of two or more institutions of
13 higher education;
14 (3) a representative of the Department of State Health
15 Services;
16 (4) a representative of the Texas Department of
17 Insurance;
18 (5) a representative of the state auditor's office;
19 (6) a representative of a rural hospital; and
20 (7) a representative of any state agency the executive
21 commissioner determines is appropriate.

22 (b-2) The advisory committee established under Subsection
23 (b-1) is abolished on the earlier of:

- 24 (1) the date the advisory committee adopts a
25 curriculum; or
26 (2) September 1, 2027.

27 (b-3) This subsection and Subsections (b-1) and (b-2)

1 expire September 1, 2028.

2 (c) The commission shall establish criteria for the
3 screening and selection of applicants for admission to an academy
4 and include the criteria in each contract entered into under
5 Subsection (b). An institution of higher education that receives a
6 contract to administer an academy under Subsection (b) shall notify
7 the commission when the institution completes the applicant
8 selection process and provide information to the commission
9 regarding the qualifications of the applicants.

10 (d) Participation in an academy is limited to individuals
11 who are responsible for, or who anticipate becoming responsible
12 for, the financial stability of a rural hospital or rural health
13 care system in this state.

14 (e) An institution of higher education that receives a
15 contract to administer an academy under Subsection (b):

16 (1) shall accept new participants for the academy each
17 year;

18 (2) shall offer to reimburse academy participants for
19 travel and related expenses; and

20 (3) may not claim or charge a participant for
21 admission to or participation in the academy or any associated
22 services.

23 SECTION 4. Chapter 526, Government Code, as effective April
24 1, 2025, is amended by adding Subchapter G-1 to read as follows:

25 SUBCHAPTER G-1. GRANT PROGRAMS FOR RURAL HOSPITALS, HOSPITAL
26 DISTRICTS, AND HOSPITAL AUTHORITIES

27 Sec. 526.0321. DEFINITIONS. In this subchapter:

1 (1) "Hospital district" means a hospital district
2 created under the authority of Sections 4 through 11, Article IX,
3 Texas Constitution.

4 (2) "Office" means the State Office of Rural Hospital
5 Finance established under Section 526.0304.

6 (3) "Rural county" means a county with a population of
7 68,750 or less.

8 (4) "Rural hospital" has the meaning assigned by
9 Section 548.0351.

10 (5) "Rural hospital authority" means a hospital
11 authority located in a rural county.

12 (6) "Rural hospital district" means a hospital
13 district located in a rural county.

14 (7) "Rural hospital organization" means a statewide
15 nonprofit organization that provides services to rural hospitals.

16 Sec. 526.0322. FINANCIAL STABILIZATION GRANT PROGRAM. (a)
17 The commission shall establish a financial stabilization grant
18 program to award grants to support and improve the financial
19 stability of rural hospitals, rural hospital districts, and rural
20 hospital authorities that are determined to be at a moderate or high
21 risk of financial instability.

22 (b) The determination of whether a grant applicant is at a
23 moderate or high risk of financial instability shall be made using
24 the hospital financial needs assessment and financial
25 vulnerability index developed as part of the strategic plan
26 required under Section 526.0301.

27 (b-1) Notwithstanding Subsection (b), for a grant

1 application received before December 1, 2026, the office shall
2 determine whether the applicant is at a moderate or high risk of
3 financial instability by evaluating data published by the
4 commission regarding the financial stability of rural hospitals,
5 rural hospital districts, and rural hospital authorities. This
6 subsection expires September 1, 2027.

7 (c) The office shall develop a formula to allocate the money
8 available to the commission for grants under this section to rural
9 hospitals, rural hospital districts, and rural hospital
10 authorities that are determined to be at a moderate or high risk of
11 financial instability. The formula may consider:

12 (1) the degree of financial vulnerability of the
13 applicant as determined using the hospital financial needs
14 assessment and financial vulnerability index developed under
15 Section 526.0301;

16 (2) whether the applicant is the sole provider of
17 hospital services in the county in which the applicant is located;

18 (3) whether a hospital is located within 35 miles of
19 the applicant's facilities; and

20 (4) any other factors the office determines are
21 relevant to assessing the financial stability of rural hospitals,
22 rural hospital districts, and rural hospital authorities.

23 Sec. 526.0323. EMERGENCY HARDSHIP GRANT PROGRAM. (a) The
24 commission shall establish an emergency hardship grant program.

25 (b) The office may award emergency hardship grants to rural
26 hospitals, rural hospital districts, and rural hospital
27 authorities that have experienced:

1 (1) a man-made or natural disaster resulting in a loss
2 of assets; or

3 (2) an unforeseeable or unmitigable circumstance
4 likely to result in:

5 (A) the closure of the entity's facilities during
6 the 180-day period beginning on the date the entity submits an
7 application for a grant under this section; or

8 (B) an inability to fund payroll expenditures for
9 the entity's staff during the 180-day period beginning on the date
10 the entity submits an application for a grant under this section.

11 Sec. 526.0324. INNOVATION GRANT PROGRAM. (a) The
12 commission shall establish an innovation grant program to provide
13 support to rural hospitals, rural hospital districts, and rural
14 hospital authorities that undertake initiatives:

15 (1) to provide access to health care and improve the
16 quality of health care provided to residents of a rural county;

17 (2) that are likely to improve the financial stability
18 of the grant recipient; and

19 (3) that are estimated to become sustainable and be
20 maintained without additional state funding after the award of a
21 grant under this section.

22 (b) In awarding grants under this section, the office shall
23 prioritize initiatives focused on improving health care facilities
24 or services for:

25 (1) women who are pregnant or recently gave birth;

26 (2) individuals under the age of 20;

27 (3) older adults residing in a rural county; or

1 (4) individuals who are uninsured.

2 Sec. 526.0325. RURAL HOSPITAL SUPPORT GRANT PROGRAM. The
3 commission shall establish a rural hospital support grant program
4 to award support grants to rural hospitals, rural hospital
5 districts, rural hospital authorities, and rural hospital
6 organizations to improve the financial stability, continue the
7 operations, and support the long-term viability of the grant
8 recipient.

9 Sec. 526.0326. GENERAL GRANT PROVISIONS. (a) Chapter 783
10 does not apply to the solicitation of applicants for a grant under
11 this subchapter.

12 (b) To the extent practicable, the office shall award a
13 grant under this subchapter not later than the 180th day after the
14 date the office receives the recipient's grant application.

15 (c) A Medicaid provider's receipt of a grant under this
16 subchapter does not affect any legal or contractual duty of the
17 provider to comply with any applicable Medicaid requirements.

18 (d) The office shall administer the grant programs
19 established under this subchapter.

20 (e) The office may award a grant under this subchapter only
21 in accordance with the terms of a contract between the office and
22 the grant recipient. The contract must include provisions under
23 which the office is granted sufficient control to ensure that:

24 (1) the grant funds are spent in a manner that is
25 consistent with the public purpose of providing adequate access to
26 quality health care; and

27 (2) both this state and the grant recipient are

1 benefited by the award of the grant.

2 (f) The office shall develop an application process and
3 eligibility and selection criteria for persons applying for a grant
4 under this subchapter.

5 (g) A grant recipient may not use the proceeds of a grant
6 awarded under this subchapter to:

7 (1) reimburse an expense or pay a cost that another
8 source, including Medicaid, is obligated to reimburse or pay by law
9 or under a contract; or

10 (2) supplant, or be used as a substitute for, money
11 awarded to the recipient from a non-Medicaid federal funding
12 source, including a federal grant.

13 Sec. 526.0327. LIMITATION ON CONTROL OF FUNDS BY HOSPITAL
14 SYSTEM. (a) For purposes of this section:

15 (1) "Control" includes the ability to make decisions
16 regarding the time and manner in which to spend grant money awarded
17 under this subchapter.

18 (2) "Hospital system" means a system of two or more
19 hospitals under the common governance of a single corporate parent.

20 (b) To ensure that grant money awarded under this subchapter
21 is used for the benefit of residents of rural counties, money
22 awarded to a hospital that is part of a hospital system:

23 (1) may not be retained or otherwise controlled by:

24 (A) the corporate parent of the hospital system;

25 or

26 (B) the hospital system; and

27 (2) must be under the control of an individual who is

1 present on the premises of the hospital, or an administrative
2 office of the hospital that is located within five miles of the
3 hospital, at least two days per week.

4 Sec. 526.0328. APPROPRIATION CONTINGENCY. The commission
5 is required to implement a provision of this subchapter only if the
6 legislature appropriates money specifically for that purpose.

7 SECTION 5. Section 532.0155, Government Code, is amended by
8 amending Subsection (b) and adding Subsection (g) to read as
9 follows:

10 (b) To the extent allowed by federal law [~~and subject to~~
11 ~~limitations on appropriations~~], the executive commissioner by rule
12 shall adopt a prospective reimbursement methodology for the payment
13 of rural hospitals participating in Medicaid that ensures the rural
14 hospitals are reimbursed on an individual basis for providing
15 inpatient and general outpatient services to recipients by using
16 the hospitals' most recent cost information concerning the costs
17 incurred for providing the services. The commission shall
18 calculate the prospective cost-based reimbursement rates once
19 every two years.

20 (g) To the extent allowed by federal law, the executive
21 commissioner, in addition to the cost-based reimbursement rate
22 calculated by the executive commissioner under Subsection (b),
23 shall develop and calculate an add-on reimbursement rate for rural
24 hospitals that have a department of obstetrics and gynecology. The
25 executive commissioner shall calculate the rate required by this
26 subsection annually.

27 SECTION 6. Section 548.0351, Government Code, is amended by

1 adding Subdivisions (6-a) and (6-b) to read as follows:

2 (6-a) "Rural health clinic" has the meaning assigned
3 by Section 113.0001, Health and Safety Code.

4 (6-b) "Rural hospital" means a health care facility
5 licensed under Chapter 241, Health and Safety Code, that:

6 (A) is located in a county with a population of
7 68,750 or less; or

8 (B) has been designated by the Centers for
9 Medicare and Medicaid Services as a critical access hospital, rural
10 referral center, or sole community hospital and:

11 (i) is not located in a metropolitan
12 statistical area; or

13 (ii) if the hospital has 100 or fewer beds,
14 is located in a metropolitan statistical area.

15 SECTION 7. Section 548.0352, Government Code, is amended to
16 read as follows:

17 Sec. 548.0352. ESTABLISHMENT OF PEDIATRIC
18 TELE-CONNECTIVITY RESOURCE PROGRAM FOR RURAL TEXAS. The commission
19 with any necessary assistance of pediatric tele-specialty
20 providers shall establish a pediatric tele-connectivity resource
21 program for rural Texas to award grants to rural hospitals and rural
22 health clinics [~~nonurban health care facilities~~] to connect the
23 hospitals and clinics [~~the facilities~~] with pediatric specialists
24 and pediatric subspecialists who provide telemedicine medical
25 services or with an institution of higher education that is a member
26 of the Texas Child Mental Health Care Consortium established under
27 Chapter 113, Health and Safety Code.

1 SECTION 8. Section 548.0353, Government Code, is amended to
2 read as follows:

3 Sec. 548.0353. USE OF PROGRAM GRANT. A rural hospital or
4 rural health clinic [~~nonurban health care facility~~] awarded a grant
5 under this subchapter may use grant money to:

6 (1) purchase equipment necessary for implementing a
7 telemedicine medical service;

8 (2) modernize the hospital's or clinic's [~~facility's~~]
9 information technology infrastructure and secure information
10 technology support to ensure an uninterrupted two-way video signal
11 that is compliant with the Health Insurance Portability and
12 Accountability Act of 1996 (Pub. L. No. 104-191);

13 (3) pay a service fee to a pediatric tele-specialty
14 provider under an annual contract with the provider; or

15 (4) pay for other activities, services, supplies,
16 facilities, resources, and equipment the commission determines
17 necessary for the hospital or clinic [~~facility~~] to use a
18 telemedicine medical service.

19 SECTION 9. Section 548.0354, Government Code, is amended to
20 read as follows:

21 Sec. 548.0354. SELECTION OF PROGRAM GRANT RECIPIENTS. (a)
22 The commission [~~with any necessary assistance of pediatric~~
23 ~~tele-specialty providers~~] may select [~~an~~] eligible rural hospitals
24 and rural health clinics [~~nonurban health care facility~~] to receive
25 a grant under this subchapter.

26 (b) To be eligible for a grant, a rural hospital or rural
27 health clinic [~~nonurban health care facility~~] must maintain [~~have~~

1 ~~[(1) a quality assurance program that measures the~~
2 ~~compliance of the facility's health care providers with the~~
3 ~~facility's medical protocols,~~

4 ~~[(2) on staff at least one full-time equivalent~~
5 ~~physician who has training and experience in pediatrics and one~~
6 ~~individual who is responsible for ongoing nursery and neonatal~~
7 ~~support and care,~~

8 ~~[(3) a designated neonatal intensive care unit or an~~
9 ~~emergency department,~~

10 ~~[(4) a commitment to obtaining neonatal or pediatric~~
11 ~~education from a tertiary facility to expand the facility's depth~~
12 ~~and breadth of telemedicine medical service capabilities, and~~

13 ~~[(5) the capability of maintaining]~~ records and
14 produce [producing] reports that measure the effectiveness of a
15 [the] grant received by the hospital or clinic under this
16 subchapter [facility would receive].

17 (c) To the extent practicable, the commission shall award a
18 program grant to a grant recipient not later than the 180th day
19 after the date the commission receives the recipient's program
20 grant application under this section.

21 (d) Chapter 783 does not apply to the solicitation of
22 applicants for a program grant award under this subchapter.

23 SECTION 10. Section 548.0357, Government Code, is amended
24 to read as follows:

25 Sec. 548.0357. BIENNIAL REPORT. Not later than December 1
26 of each even-numbered year, the commission shall submit a report to
27 the governor and members of the legislature regarding the

1 activities of the program and grant recipients under the program,
2 including the results and outcomes of grants awarded under this
3 subchapter. The commission may combine the report required by this
4 section with the report submitted by the State Office of Rural
5 Hospital Finance under Section 526.0301.

6 SECTION 11. Section 113.0001, Health and Safety Code, is
7 amended by adding Subdivisions (4), (5), and (6) to read as follows:

8 (4) "Rural health clinic" means a rural health clinic,
9 as defined by 42 C.F.R. Section 491.2, that is:

10 (A) accredited by an accreditation organization,
11 a participant in the federal Medicare program, or both; and

12 (B) located in a county that does not contain a
13 general hospital or special hospital, as those terms are defined by
14 Section 241.003.

15 (5) "Rural hospital" has the meaning assigned by
16 Section 548.0351, Government Code.

17 (6) "Rural hospital organization" has the meaning
18 assigned by Section 526.0321, Government Code.

19 SECTION 12. Chapter 113, Health and Safety Code, is amended
20 by adding Subchapter D-1 to read as follows:

21 SUBCHAPTER D-1. RURAL PEDIATRIC MENTAL HEALTH CARE ACCESS PROGRAM

22 Sec. 113.0181. MENTAL HEALTH CARE ACCESS PROGRAM FOR RURAL
23 HOSPITALS AND RURAL HEALTH CLINICS. (a) Using the network of
24 comprehensive child psychiatry access centers established under
25 Section 113.0151, the consortium shall establish or expand provider
26 consultation programs to assist health care practitioners
27 providing services at rural hospitals or rural health clinics to:

1 (1) identify and assess the behavioral health needs of
2 pediatric and perinatal patients seeking services at the hospital
3 or clinic; and

4 (2) identify necessary mental health care services to
5 improve access to mental health care services for pediatric and
6 perinatal patients seeking services at the hospital or clinic.

7 (b) The consortium, in collaboration with a rural hospital
8 organization, shall develop a plan to establish, under the
9 authority provided in Section 113.0151(b) and not later than
10 September 1, 2026, telemedicine or telehealth programs to identify
11 and assess behavioral health needs and provide access to mental
12 health care services for pediatric patients seeking services at
13 rural hospitals or rural health clinics. The plan may include
14 limitations on the hours of the day during which services provided
15 by the telemedicine or telehealth programs are available. The plan
16 shall provide access to mental health care services for pediatric
17 patients seeking services at the rural hospital or rural health
18 clinic at the same or a substantially similar level as the mental
19 health care services provided to students attending school in a
20 school district for which the consortium has made available mental
21 health care services under this chapter.

22 (c) On or after September 1, 2026, and subject to available
23 appropriations, the consortium shall establish a program
24 establishing or expanding telemedicine or telehealth programs to
25 identify and assess behavioral health needs and provide access to
26 mental health care services for pediatric patients seeking services
27 at rural hospitals or rural health clinics.

1 Sec. 113.0182. CONSENT REQUIRED FOR SERVICES TO MINOR. (a)

2 A person may provide mental health care services to a child younger
3 than 18 years of age through a program established under this
4 subchapter only if the person obtains the written consent of the
5 parent or legal guardian of the child or, if the parent or legal
6 guardian is not known or available, the adult with whom the child
7 primarily resides.

8 (b) The consortium shall develop and post on the
9 consortium's Internet website a model form for a person to provide
10 consent under this section.

11 (c) Written consent obtained under Subsection (a) is not
12 valid if the consent authorizes the provision of a mental health
13 care service to a child that affirms the child's perception of the
14 child's gender if that perception is inconsistent with the child's
15 biological sex.

16 SECTION 13. Section 113.0251, Health and Safety Code, is
17 amended to read as follows:

18 Sec. 113.0251. BIENNIAL REPORT. Not later than December 1
19 of each even-numbered year, the consortium shall prepare and submit
20 to the governor, the lieutenant governor, the speaker of the house
21 of representatives, [~~and~~] the standing committee of each house of
22 the legislature with primary jurisdiction over behavioral health
23 issues, and the Legislative Budget Board and post on its Internet
24 website a written report that outlines:

- 25 (1) the activities and objectives of the consortium;
26 (2) the health-related institutions of higher
27 education listed in Section 113.0052(1) that receive funding by the

1 executive committee;

2 (3) the rural hospitals and rural health clinics to
3 which the program established under Section 113.0181 provided
4 mental health access services;

5 (4) the cost to maintain the mental health care access
6 program established under Subchapter D-1; and

7 (5) [~~3~~] any legislative recommendations based on
8 the activities and objectives described by Subdivision (1).

9 SECTION 14. The following provisions of the Government Code
10 are repealed:

11 (1) Section 548.0351(1); and

12 (2) Section 548.0356.

13 SECTION 15. If before implementing any provision of this
14 Act a state agency determines that a waiver or authorization from a
15 federal agency is necessary for implementation of that provision,
16 the agency affected by the provision shall request the waiver or
17 authorization and may delay implementing that provision until the
18 waiver or authorization is granted.

19 SECTION 16. (a) Not later than December 1, 2025, the Health
20 and Human Services Commission shall contract with institutions of
21 higher education to administer an academy under Section 526.0305,
22 Government Code, as added by this Act.

23 (b) Not later than January 1, 2026, the executive
24 commissioner of the Health and Human Services Commission shall
25 appoint the members of the interagency advisory committee as
26 required by Section 526.0305, Government Code, as added by this
27 Act.

1 SECTION 17. This Act takes effect immediately if it
2 receives a vote of two-thirds of all the members elected to each
3 house, as provided by Section 39, Article III, Texas Constitution.
4 If this Act does not receive the vote necessary for immediate
5 effect, this Act takes effect September 1, 2025.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 26, 2025

TO: Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by VanDeaver (Relating to the establishment and administration of certain programs and services providing health care services to rural counties.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Passed 2nd House: a negative impact of (\$48,748,795) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$24,602,724)
2027	(\$24,146,071)
2028	(\$22,164,400)
2029	(\$22,226,666)
2030	(\$22,291,165)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2026	(\$9,177,434)	(\$15,878,844)	(\$23,533,376)	\$340,166
2027	(\$9,200,103)	(\$16,094,069)	(\$23,852,669)	\$861,076
2028	(\$6,701,846)	(\$16,156,497)	(\$23,945,485)	\$520,457
2029	(\$6,703,285)	(\$16,220,104)	(\$24,040,131)	\$522,542
2030	(\$6,704,786)	(\$16,284,979)	(\$24,136,643)	\$523,950

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from Foundation School Fund 193	Change in Number of State Employees from FY 2025
2026	\$113,388	10.5
2027	\$287,025	10.5
2028	\$173,486	10.5
2029	\$174,181	10.5
2030	\$174,650	10.5

Fiscal Analysis

This bill amends the Government Code to add requirements for the Rural Hospital Strategic Plan; codifies the State Office of Rural Hospital Financing; establishes the Texas Rural Hospital Officers Academy; codifies the existing grant programs for rural hospitals; and creates an add-on payment for rural hospitals that have a department of obstetrics and gynecology; codifies the Medicaid definition of a rural hospital; requires the Health and Human Services Commission (HHSC) to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information; expands the Pediatric Tele-connectivity Grant Program to rural hospitals; Additionally, this bill amends the Health and Safety Code to establish the Rural Pediatric Mental Health Care Access Program and repeals certain provisions related to the Pediatric Tele-connectivity Grant Program. This bill would be effective immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise the bill would be effective September 1, 2025.

Methodology

This analysis assumes the Health and Human Services Commission (HHSC) would require \$22,216,112 from the General Revenue Fund (\$45,636,100 from All Funds) and 10.5 full-time-equivalents (FTEs) in fiscal year 2026 and \$21,933,096 from the General Revenue Fund (\$46,646,841 from All Funds) and 10.5 FTEs in fiscal year 2027 to implement the provisions of the bill, which include establishing the Texas Rural Hospital Officers Academy, an add-on payment for Medicaid services related to obstetrics and gynecological services provided in rural hospitals, and establishing the Rural Pediatric Mental Health Care Access Program.

Included in the amounts above are assumed FTE costs totaling \$2,025,535 from the General Revenue Fund (\$2,295,485 from All Funds) and 10.5 FTEs in fiscal year 2026 and \$1,944,873 from the General Revenue Fund (\$2,196,616 from All Funds) and 10.5 FTEs in fiscal year 2027. This includes \$83,223 from the General Revenue Fund (\$101,787 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

This analysis also assumes HHSC would require \$4,918,123 from the General Revenue Fund (\$4,918,123 from All Funds) in fiscal year 2026 and \$5,003,583 from the General Revenue Fund (\$5,003,583 from All Funds) starting in fiscal year 2027 to establish and initiate Texas Rural Hospital Officers Academy.

Additionally, this analysis assumes HHSC would require \$15,612,620 from the General Revenue Fund (\$38,876,046 from All Funds) in fiscal year 2026 and \$15,845,716 from the General Revenue Fund (\$39,446,642 from All Funds) in fiscal year 2027 to establish and implement an add-on payment for rural hospitals that have a department of obstetrics and gynecology and to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information. In determining this add-on payment, the agency assumed an approximately two percent (2%) increase applied to all rural hospital inpatient and outpatient services, overall. According to the agency, this is the same approach used for other add-on payments within the Medicaid program.

This analysis assumes these costs would be partially offset by an estimated \$340,166 to the General Revenue Fund in fiscal year 2026 and an estimated \$861,076 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$113,388 in fiscal year 2026 and \$287,025 in fiscal year 2027).

While the bill establishes various grant programs for Texas rural hospitals, there is insufficient information available to determine the full costs of those programs; therefore, this analysis does not contemplate the costs associated with the actual grants but does include cost estimates for the administration of those grants.

According to the Texas Child Mental Health Care Consortium, the Consortium would require \$2,500,000 from the General Revenue Fund (\$2,500,000 from All Funds) each fiscal year in the 2026-27 biennium to make necessary changes to the existing electronic data system and to add additional providers for expanded services relating to implementing the provisions of this bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

LBB Staff: JMc, SD, NPe, ER, LBI, NV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 17, 2025

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by VanDeaver (Relating to the establishment and administration of certain programs and services providing health care services to rural counties.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, Committee Report 2nd House, Substituted: a negative impact of (\$48,748,795) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

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2028	(\$6,701,846)	(\$16,156,497)	(\$23,945,485)	\$520,457
2029	(\$6,703,285)	(\$16,220,104)	(\$24,040,131)	\$522,542
2030	(\$6,704,786)	(\$16,284,979)	(\$24,136,643)	\$523,950

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from Foundation School Fund 193	Change in Number of State Employees from FY 2025
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2029	\$174,181	10.5
2030	\$174,650	10.5

Fiscal Analysis

This bill amends the Government Code to add requirements for the Rural Hospital Strategic Plan; codifies the State Office of Rural Hospital Financing; establishes the Texas Rural Hospital Officers Academy; codifies the existing grant programs for rural hospitals; and creates an add-on payment for rural hospitals that have a department of obstetrics and gynecology; codifies the Medicaid definition of a rural hospital; requires the Health and Human Services Commission (HHSC) to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information; expands the Pediatric Tele-connectivity Grant Program to rural hospitals; Additionally, this bill amends the Health and Safety Code to establish the Rural Pediatric Mental Health Care Access Program and repeals certain provisions related to the Pediatric Tele-connectivity Grant Program. This bill would be effective immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise the bill would be effective September 1, 2025.

Methodology

This analysis assumes the Health and Human Services Commission (HHSC) would require \$22,216,112 from the General Revenue Fund (\$45,636,100 from All Funds) and 10.5 full-time-equivalents (FTEs) in fiscal year 2026 and \$21,933,096 from the General Revenue Fund (\$46,646,841 from All Funds) and 10.5 FTEs in fiscal year 2027 to implement the provisions of the bill, which include establishing the Texas Rural Hospital Officers Academy, an add-on payment for Medicaid services related to obstetrics and gynecological services provided in rural hospitals, and establishing the Rural Pediatric Mental Health Care Access Program.

Included in the amounts above are assumed FTE costs totaling \$2,025,535 from the General Revenue Fund (\$2,295,485 from All Funds) and 10.5 FTEs in fiscal year 2026 and \$1,944,873 from the General Revenue Fund (\$2,196,616 from All Funds) and 10.5 FTEs in fiscal year 2027. This includes \$83,223 from the General Revenue Fund (\$101,787 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

This analysis also assumes HHSC would require \$4,918,123 from the General Revenue Fund (\$4,918,123 from All Funds) in fiscal year 2026 and \$5,003,583 from the General Revenue Fund (\$5,003,583 from All Funds) starting in fiscal year 2027 to establish and initiate Texas Rural Hospital Officers Academy.

Additionally, this analysis assumes HHSC would require \$15,612,620 from the General Revenue Fund (\$38,876,046 from All Funds) in fiscal year 2026 and \$15,845,716 from the General Revenue Fund (\$39,446,642 from All Funds) in fiscal year 2027 to establish and implement an add-on payment for rural hospitals that have a department of obstetrics and gynecology and to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information. In determining this add-on payment, the agency assumed an approximately two percent (2%) increase applied to all rural hospital inpatient and outpatient services, overall. According to the agency, this is the same approach used for other add-on payments within the Medicaid program.

This analysis assumes these costs would be partially offset by an estimated \$340,166 to the General Revenue Fund in fiscal year 2026 and an estimated \$861,076 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$113,388 in fiscal year 2026 and \$287,025 in fiscal year 2027).

While the bill establishes various grant programs for Texas rural hospitals, there is insufficient information available to determine the full costs of those programs; therefore, this analysis does not contemplate the costs associated with the actual grants but does include cost estimates for the administration of those grants.

According to the Texas Child Mental Health Care Consortium, the Consortium would require \$2,500,000 from the General Revenue Fund (\$2,500,000 from All Funds) each fiscal year in the 2026-27 biennium to make necessary changes to the existing electronic data system and to add additional providers for expanded services relating to implementing the provisions of this bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

LBB Staff: JMc, NPe, ER, LBI, NV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 4, 2025

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by VanDeaver (Relating to the establishment and administration of certain programs and services providing health care services to rural counties.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Engrossed: a negative impact of (\$48,748,795) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2026	(\$24,602,724)
2027	(\$24,146,071)
2028	(\$22,164,400)
2029	(\$22,226,666)
2030	(\$22,291,165)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Revenue Gain/(Loss) from General Revenue Fund 1
2026	(\$9,177,434)	(\$15,878,844)	(\$23,533,376)	\$340,166
2027	(\$9,200,103)	(\$16,094,069)	(\$23,852,669)	\$861,076
2028	(\$6,701,846)	(\$16,156,497)	(\$23,945,485)	\$520,457
2029	(\$6,703,285)	(\$16,220,104)	(\$24,040,131)	\$522,542
2030	(\$6,704,786)	(\$16,284,979)	(\$24,136,643)	\$523,950

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from Foundation School Fund 193	Change in Number of State Employees from FY 2025
2026	\$113,388	10.5
2027	\$287,025	10.5
2028	\$173,486	10.5
2029	\$174,181	10.5
2030	\$174,650	10.5

Fiscal Analysis

This bill amends the Government Code to add requirements for the Rural Hospital Strategic Plan; codifies the State Office of Rural Hospital Financing; establishes the Texas Rural Hospital Officers Academy; codifies the existing grant programs for rural hospitals; and creates an add-on payment for rural hospitals that have a department of obstetrics and gynecology; codifies the Medicaid definition of a rural hospital; requires the Health and Human Services Commission (HHSC) to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information; expands the Pediatric Tele-connectivity Grant Program to rural hospitals; Additionally, this bill amends the Health and Safety Code to establish the Rural Pediatric Mental Health Care Access Program and repeals certain provisions related to the Pediatric Tele-connectivity Grant Program. This bill would be effective immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise the bill would be effective September 1, 2025.

Methodology

This analysis assumes the Health and Human Services Commission (HHSC) would require \$22,216,112 from the General Revenue Fund (\$45,636,100 from All Funds) and 10.5 full-time-equivalents (FTEs) in fiscal year 2026 and \$21,933,096 from the General Revenue Fund (\$46,646,841 from All Funds) and 10.5 FTEs in fiscal year 2027 to implement the provisions of the bill, which include establishing the Texas Rural Hospital Officers Academy, an add-on payment for Medicaid services related to obstetrics and gynecological services provided in rural hospitals, and establishing the Rural Pediatric Mental Health Care Access Program.

Included in the amounts above are assumed FTE costs totaling \$2,025,535 from the General Revenue Fund (\$2,295,485 from All Funds) and 10.5 FTEs in fiscal year 2026 and \$1,944,873 from the General Revenue Fund (\$2,196,616 from All Funds) and 10.5 FTEs in fiscal year 2027. This includes \$83,223 from the General Revenue Fund (\$101,787 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

This analysis also assumes HHSC would require \$4,918,123 from the General Revenue Fund (\$4,918,123 from All Funds) in fiscal year 2026 and \$5,003,583 from the General Revenue Fund (\$5,003,583 from All Funds) starting in fiscal year 2027 to establish and initiate Texas Rural Hospital Officers Academy.

Additionally, this analysis assumes HHSC would require \$15,612,620 from the General Revenue Fund (\$38,876,046 from All Funds) in fiscal year 2026 and \$15,845,716 from the General Revenue Fund (\$39,446,642 from All Funds) in fiscal year 2027 to establish and implement an add-on payment for rural hospitals that have a department of obstetrics and gynecology and to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information. In determining this add-on payment, the agency assumed an approximately two percent (2%) increase applied to all rural hospital inpatient and outpatient services, overall. According to the agency, this is the same approach used for other add-on payments within the Medicaid program.

This analysis assumes these costs would be partially offset by an estimated \$340,166 to the General Revenue Fund in fiscal year 2026 and an estimated \$861,076 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$113,388 in fiscal year 2026 and \$287,025 in fiscal year 2027).

While the bill establishes various grant programs for Texas rural hospitals, there is insufficient information available to determine the full costs of those programs; therefore, this analysis does not contemplate the costs associated with the actual grants but does include cost estimates for the administration of those grants.

According to the Texas Child Mental Health Care Consortium, the Consortium would require \$2,500,000 from the General Revenue Fund (\$2,500,000 from All Funds) each fiscal year in the 2026-27 biennium to make necessary changes to the existing electronic data system and to add additional providers for expanded services relating to implementing the provisions of this bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

LBB Staff: JMc, NPe, LBl, ER, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 10, 2025

TO: Honorable Gary VanDeaver, Chair, House Committee on Public Health

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by VanDeaver (Relating to the establishment and administration of certain programs and services providing health care services to rural counties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, Committee Report 1st House. Substituted: a negative impact of (\$48,748,795) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$24,602,724)
2027	(\$24,146,071)
2028	(\$22,164,400)
2029	(\$22,226,666)
2030	(\$22,291,165)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>
2026	(\$9,177,434)	(\$15,878,844)	(\$23,533,376)	\$340,166
2027	(\$9,200,103)	(\$16,094,069)	(\$23,852,669)	\$861,076
2028	(\$6,701,846)	(\$16,156,497)	(\$23,945,485)	\$520,457
2029	(\$6,703,285)	(\$16,220,104)	(\$24,040,131)	\$522,542
2030	(\$6,704,786)	(\$16,284,979)	(\$24,136,643)	\$523,950

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	\$113,388	10.5
2027	\$287,025	10.5
2028	\$173,486	10.5
2029	\$174,181	10.5
2030	\$174,650	10.5

Fiscal Analysis

This bill amends the Government Code to add requirements for the Rural Hospital Strategic Plan; codifies the State Office of Rural Hospital Financing; establishes the Texas Rural Hospital Officers Academy; codifies the existing grant programs for rural hospitals; and creates an add-on payment for rural hospitals that have a department of obstetrics and gynecology; codifies the Medicaid definition of a rural hospital; requires the Health and Human Services Commission (HHSC) to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information; expands the Pediatric Tele-connectivity Grant Program to rural hospitals; Additionally, this bill amends the Health and Safety Code to establish the Rural Pediatric Mental Health Care Access Program and repeals certain provisions related to the Pediatric Tele-connectivity Grant Program. This bill would be effective immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise the bill would be effective September 1, 2025.

Methodology

This analysis assumes the Health and Human Services Commission (HHSC) would require \$22,216,112 from the General Revenue Fund (\$45,636,100 from All Funds) and 10.5 full-time-equivalents (FTEs) in fiscal year 2026 and \$21,933,096 from the General Revenue Fund (\$46,646,841 from All Funds) and 10.5 FTEs in fiscal year 2027 to implement the provisions of the bill, which include establishing the Texas Rural Hospital Officers Academy, an add-on payment for Medicaid services related to obstetrics and gynecological services provided in rural hospitals, and establishing the Rural Pediatric Mental Health Care Access Program.

Included in the amounts above are assumed FTE costs totaling \$2,025,535 from the General Revenue Fund (\$2,295,485 from All Funds) and 10.5 FTEs in fiscal year 2026 and \$1,944,873 from the General Revenue Fund (\$2,196,616 from All Funds) and 10.5 FTEs in fiscal year 2027. This includes \$83,223 from the General Revenue Fund (\$101,787 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

This analysis also assumes HHSC would require \$4,918,123 from the General Revenue Fund (\$4,918,123 from All Funds) in fiscal year 2026 and \$5,003,583 from the General Revenue Fund (\$5,003,583 from All Funds) starting in fiscal year 2027 to establish and initiate Texas Rural Hospital Officers Academy.

Additionally, this analysis assumes HHSC would require \$15,612,620 from the General Revenue Fund (\$38,876,046 from All Funds) in fiscal year 2026 and \$15,845,716 from the General Revenue Fund (\$39,446,642 from All Funds) in fiscal year 2027 to establish and implement an add-on payment for rural hospitals that have a department of obstetrics and gynecology and to regularly update certain reimbursement rates for rural hospitals participating in Medicaid based on the most recent cost information. In determining this add-on payment, the agency assumed an approximately two percent (2%) increase applied to all rural hospital inpatient and outpatient services, overall. According to the agency, this is the same approach used for other add-on payments within the Medicaid program.

This analysis assumes these costs would be partially offset by an estimated \$340,166 to the General Revenue Fund in fiscal year 2026 and an estimated \$861,076 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$113,388 in fiscal year 2026 and \$287,025 in fiscal year 2027).

While the bill establishes various grant programs for Texas rural hospitals, there is insufficient information available to determine the full costs of those programs; therefore, this analysis does not contemplate the costs associated with the actual grants but does include cost estimates for the administration of those grants.

According to the Texas Child Mental Health Care Consortium, the Consortium would require \$2,500,000 from the General Revenue Fund (\$2,500,000 from All Funds) each fiscal year in the 2026-27 biennium to make necessary changes to the existing electronic data system and to add additional providers for expanded services relating to implementing the provisions of this bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

LBB Staff: JMc, NPe, ER, LBl, NV

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 23, 2025

TO: Honorable Gary VanDeaver, Chair, House Committee on Public Health

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by VanDeaver (Relating to the establishment and administration of certain programs and services providing health care services to rural counties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Introduced: a negative impact of (\$19,494,207) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$9,833,855)
2027	(\$9,660,352)
2028	(\$9,876,102)
2029	(\$9,936,287)
2030	(\$10,083,158)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>	Probable Revenue Gain/(Loss) from <i>General Revenue Fund 1</i>
2026	(\$6,611,090)	(\$3,311,224)	(\$4,807,121)	\$66,344
2027	(\$6,530,913)	(\$3,355,026)	(\$4,878,884)	\$169,190
2028	(\$6,597,618)	(\$3,417,454)	(\$4,971,700)	\$104,228
2029	(\$6,596,974)	(\$3,481,061)	(\$5,066,346)	\$106,311
2030	(\$6,632,973)	(\$3,545,936)	(\$5,162,858)	\$71,813

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	\$22,115	10.5
2027	\$56,397	10.5
2028	\$34,742	10.5
2029	\$35,437	10.5
2030	\$23,938	10.5

Fiscal Analysis

This bill amends the Government Code to add requirements for the Rural Hospital Strategic Plan; codifies the State Office of Rural Hospital Financing; establishes the Texas Rural Hospital Officers Academy; codifies the existing grant programs for rural hospitals; and creates an add-on payment for rural hospitals that have a department of obstetrics and gynecology; codifies the Medicaid definition of a rural hospital; expands the Pediatric Tele-connectivity Grant Program to rural hospitals; Additionally, this bill amends the Health and Safety Code to establish the Rural Pediatric Mental Health Care Access Program and repeals certain provisions related to the Pediatric Tele-connectivity Grant Program. This bill would be effective immediately if it receives a vote of two-thirds of all the members elected to each house, otherwise the bill would be effective September 1, 2025.

Methodology

This analysis assumes the Health and Human Services Commission (HHSC) would require \$9,922,314 from the General Revenue Fund (\$14,707,320 from All Funds) and 10.5 Full-Time-Equivalents (FTEs) in fiscal year 2026 and \$9,885,939 from the General Revenue Fund (\$14,708,426 from All Funds) and 10.5 FTEs in fiscal year 2027 to implement the provisions of the bill, which include establishing the Texas Rural Hospital Officers Academy, an add-on payment for Medicaid services related to obstetrics and gynecological services provided in rural hospitals, and establishing the Rural Pediatric Mental Health Care Access Program. It is assumed these costs would be partially offset by an estimated \$66,344 to the General Revenue Fund in fiscal year 2026 and an estimated \$169,190 to the General Revenue Fund in fiscal year 2027 from client services payments through managed care that are assumed to result in an increase to the General Revenue Fund from insurance premium tax revenue and revenue adjusted for assumed timing of payments and prepayments, all of which results in increased revenue collections. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue collection is assumed to be deposited to the credit of the Foundation School Fund (\$22,115 in fiscal year 2026 and \$56,397 in fiscal year 2027). While the bill establishes various grant programs for Texas rural hospitals, there is insufficient information available to determine the full costs of those programs; therefore, this analysis does not contemplate the costs associated with the actual grants but does include cost estimates for the administration of those grants.

Included in the amounts above are assumed FTE costs totaling \$2,025,535 from the General Revenue Fund (\$2,295,485 from All Funds) and 10.5 FTEs in fiscal year 2026 and \$1,944,873 from the General Revenue Fund (\$2,196,616 from All Funds) and 10.5 FTEs in fiscal year 2027. This includes \$83,223 from the General Revenue Fund (\$101,787 from All Funds) in fiscal year 2026 for one-time costs related to the implementation of provisions of this bill.

This analysis also assumes HHSC would require \$4,918,123 from the General Revenue Fund (\$4,918,123 from All Funds) in fiscal year 2026 and \$5,003,583 from the General Revenue Fund (\$5,003,583 from All Funds) starting in fiscal year 2027 to establish and initiate Texas Rural Hospital Officers Academy.

Additionally, this analysis assumes HHSC would require \$3,045,000 from the General Revenue Fund (\$7,582,171 from All Funds) in fiscal year 2026 and \$3,106,673 from the General Revenue Fund (\$7,733,814 from All Funds) in fiscal year 2027 to establish and implement an add-on payment for rural hospitals that have a department of obstetrics and gynecology. In determining this add-on payment, the agency assumed an approximately two percent (2%) increase applied to all rural hospital inpatient and outpatient services, overall. According to the agency, this is the same approach used for other add-on payments within the Medicaid program.

This analysis assumes the Office of the Comptroller of Public Accounts, Department of State Health Services, Texas A&M University System Administration, Texas State Technical College System Administration, University of Texas System Administration, Texas Woman's University, Texas Tech University System Administration, University of North Texas System Administration, and University of Houston System Administration can implement provisions of this bill within existing agency resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 State Health Services, Department of, 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

LBB Staff: JMc, NPe, ER, LBl, NV