

Sec. 17.34. Charity Care and Hospital Transparency.

In addition to amounts appropriated elsewhere in this Act, the Health and Human Services Commission (HHSC) is appropriated \$5,000,000 in General Revenue in fiscal year 2024. HHSC shall study and report on the financial and utilization data of licensed Texas hospitals that generate revenue from public sources and programs and/or benefit from tax exemptions or the use of public debt. HHSC shall contract with a third party, which may not be an entity that owns or operates a hospital, and the third party must be familiar with the Texas hospital market and data, to assist in the completion of this report. HHSC will evaluate hospital revenue and expenses, as well as public debt and the value of tax-exemptions, and the value of any charity care provided, as applicable by hospital and system. HHSC may coordinate with the Comptroller of Public Accounts, the Bond Review Board, and any other state agency or institution of higher education necessary, as well as use state and federal filings, including IRS Schedule H990 forms for all reporting hospitals, cost and payment data from hospital Medicare Cost Reports, Annual Statement on Community Benefits, community-wide need assessments, and any other data sources available to HHSC or other state agencies. By December 1, 2024, HHSC must publish findings on the external website and report its findings to the Legislature. The report shall include:

- (a) Recommendations on ways to improve hospital reporting and transparency, including recommendations on improving hospital reporting on the Annual Statements of Community Benefit Standards and to reduce duplication of reporting requirements to the state;
- (b) A summary of all revenue streams and their value, including patient revenue from private and government sources, all supplemental state or federal funding sources, research grants, medical debt accounts sold to collectors, and locally generated tax revenue when applicable, by facility and hospital system;
- (c) The value of charity care, bad debt expense (reporting at cost as calculated using the hospital's cost-to-charge ratio), and unreimbursed cost of health services by facility and hospital system. The report should also identify expenses for Graduate Medical Education, as well as, charity care program details, including number of clients enrolled in the charity care program, number of rejected charity care applications, and the number of medical debt accounts related to as client that applied for charity care but was not enrolled in the charity care program sold to debt collectors by a hospital;
- (d) All "nonprofit medical exempt" properties in the state belonging to hospitals, along with the market value of the property, taxable value of the property, and value of each hospitals' tax exemption benefit;
- (e) A statewide analysis contrasting hospitals' percentage of operating costs in relation to hospital service area household adjusted gross income range. This analysis should also address the type and volume of community benefit hospitals offer in relation to the type of communities they are servicing. Additionally, the analysis should account for all hospitals' financial assistance admission criteria, including income eligibility, application industry standards in asset evaluation, and the time it takes for hospitals to accept or reject a charity care application;
- (f) An assessment of hospital compliance and efficacy with required disclosures under Health and Safety Code, Secs. 311.031 a