Texas Hospital Association

HEALTH CARE AND THE 89TH TEXAS LEGISLATURE: **OUTCOMES FOR TEXAS HOSPITALS**

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A Message From THA President/CEO John Hawkins

There's never been a legislative session quite like this one.

Granted, in saying that, I'm only speaking for my time at the Texas Hospital Association, which now covers 21 years and 11 regular sessions of the Texas Legislature. But I can tell you that never, during any of those past sessions, did we have the usual 140-day firehose coming from the state Capitol accompanied by another equally important blast of legislative reality hitting us from the northeast. That's what we faced this winter and spring as we balanced our advocacy in Austin with the Medicaid implications of the federal budget reconciliation package – known as the "One Big Beautiful Bill" – that congressional Republicans are still pursuing in Washington, D.C., as of this writing.

With THA having to fervently represent Texas hospitals at simultaneous crunch times under two rotundas, we had our work cut out for us to make the 2025 state session a successful one. Yet, we were able to do it – and I can also say that in my two decades here at THA, I don't think I've ever been prouder of our membership and our advocacy team.

With help from engaged members and other key trade associations, we opened the door to health care improvements all over Texas – and closed it to countless misguided policy ideas that threatened to take us backward on hospital operations and finances, public health and much more. We stood strong behind the Life of the Mother Act – an important clarification on the medical emergency exception to Texas' abortion ban – and joined with the Texas Medical Association to get this exceptionally vital bill to the governor's desk.

Among other achievements, our advocacy also netted a boost for state trauma and emergency medical services funding derived from traffic fine revenue; a requirement to notify hospitals before they get a visit from a violent criminal on parole who's under electronic monitoring; an update to extend more help to providers through the state's Loan Repayment Program for Mental Health Professionals; and restrictions on health insurers' ability to potentially misuse artificial intelligence. And with the federal side of Medicaid funding dominating so much of the discussion in Washington, we avoided drastic cuts from the state's end, as lawmakers held the line on Medicaid spending in the final 2026-27 budget.

On the flip side, anti-hospital and anti-science forces again found a willing audience and a strong tailwind at the Capitol, forcing us to defend institutional necessities that keep Texans healthy and Texas hospitals open – things like hospital vaccine requirements and the ability to charge facility fees at our outpatient departments. We didn't stop every bad bill. But by and large, the legislation collectively representing large-scale damage to our ability to care for our patients was either defeated, mitigated by our work with bill authors behind the scenes, or both. Because of our work during these past four-plus months – all the meetings, calls, explainer documents, face-to-face meetings and more – Texas hospitals will remain on course to continue their lifesaving mission. Texas patients, and the state itself, will reap the benefits.

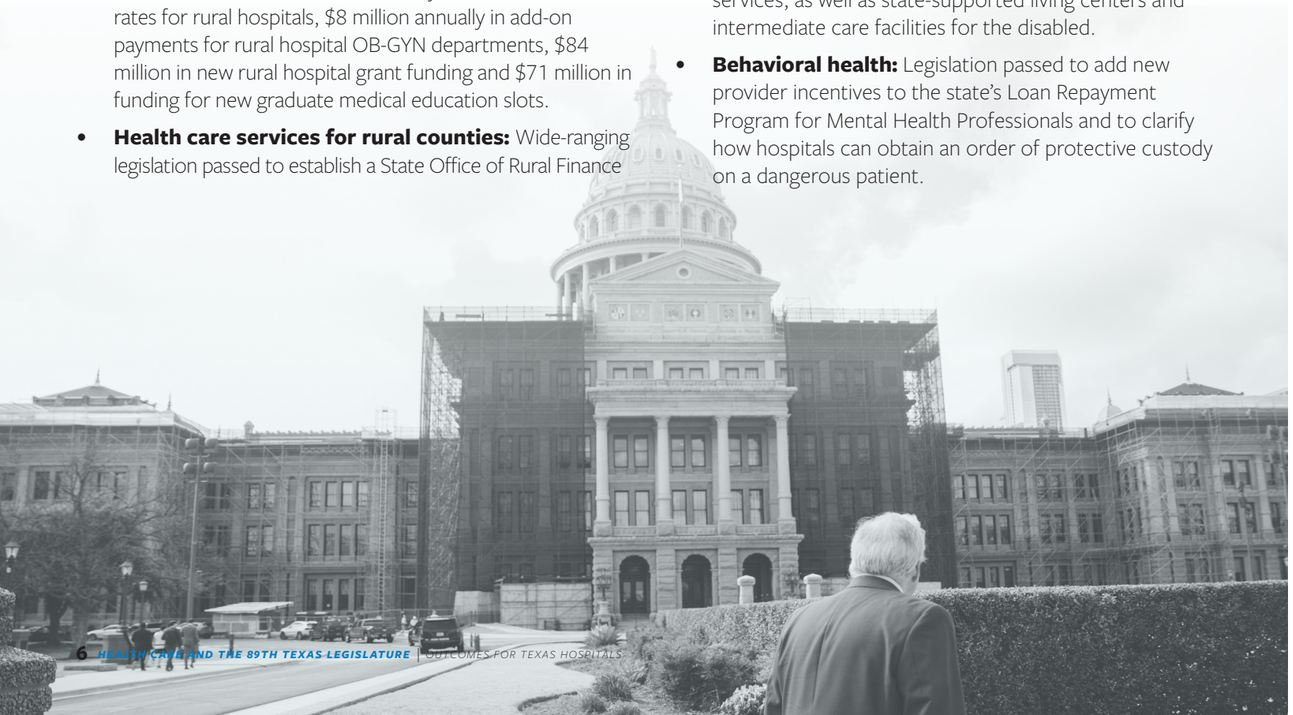
Read all about it in the pages that follow – and if you were part of THA's efforts in Austin between mid-January and sine die in early June, give yourself a pat on the back. We're indebted to your service.

John Hawkins, THA President/CEO

EXECUTIVE SUMMARY
THA in the 2025 Session of the Texas Legislature

BIG THA WINS

- **The Life of the Mother Act:** THA joined forces with the Texas Medical Association and several other key groups – including lawmakers from both sides of the aisle – to clarify Texas laws related to abortion. With conflicting laws on the books and widespread confusion about when a physician can act to terminate a pregnancy during a medical emergency, the bill was critical for Texas hospitals and physicians. The bill passed with strong support in both chambers, clarifying, among other things, that a woman who is suffering a life-threatening condition does not need to suffer physical impairment or damage before a physician can act, and that her death does not need to be imminent.
- **Budget Wins:** THA's advocacy maintained funding for nearly all existing priorities, and new funding was added to the budget to shore up key areas of need. Notable additions include $31 million annually to increase Medicaid rates for rural hospitals, $8 million annually in add-on payments for rural hospital OB-GYN departments, $84 million in new rural hospital grant funding and $71 million in funding for new graduate medical education slots.
- **Health care services for rural counties:** Wide-ranging legislation passed to establish a State Office of Rural Finance to provide technical assistance for rural hospitals; a Financial Stabilization Grant Program to help rural facilities stay viable; and a Rural Hospital Support Grant Program.
- **More traffic money for trauma/EMS:** Increased the percentage of traffic fine revenue allocated to the state's trauma and emergency medical services account from the current 30% to 50%, which in turn will support and strengthen trauma resources within the state.
- **Hospital security and workplace safety:** Passed a bill requiring notification to hospitals before allowing a visit from a parolee on release for a violent offense who is under mandatory electronic monitoring. Other THA-supported legislation passed to extend existing workplace violence prevention requirements to all hospice, personal assistance and rehabilitation services, as well as state-supported living centers and intermediate care facilities for the disabled.
- **Behavioral health:** Legislation passed to add new provider incentives to the state's Loan Repayment Program for Mental Health Professionals and to clarify how hospitals can obtain an order of protective custody on a dangerous patient.



BAD BILLS THAT THA STOPPED

- **Facility fees:** Multiple filed bills would have restricted hospital outpatient payments. THA worked to defeat or improve all bill provisions that could have negatively impacted hospitals. The final facility fee bill to survive was heavily negotiated by THA and left most of the industry neutral on the legislation, but it eventually fell short of the finish line.
- **Vaccines and exemptions:** THA-opposed bills that would have allowed hospital employees to opt out of any vaccine for any reason of conscience – and providers to opt out of performing health care services for reasons of conscience – passed out of their originating chamber but didn't make it into law.
- **Insurance fraud:** THA and other stakeholders stopped a bill on the House floor that would have established a bounty-type system allowing any citizen to sue over alleged health care fraud against private health plans.
- **Charity care:** THA defeated a measure that would have changed current hospital charity care calculations and required nonprofit hospitals to implement new screening requirements to determine if patients were eligible for charity care discounts.

THA PRIORITIES THAT DID NOT PASS

- Improvement of the behavioral health care continuum in Medicaid through coverage of partial hospitalization programs and intensive outpatient therapy.
- Removal of the federal "institutions for mental disease" exclusion that limits most adult inpatient behavioral health care in Medicaid.
- Strengthening of the prudent layperson standard for emergency care.
- Legislation to protect the 340B Drug Pricing Program from restrictions implemented by drugmakers.

KEY LEGISLATIVE PRIORITIES

Behavioral Health

THA once again sought to improve access to care in behavioral health and create a full continuum of behavioral health services in Medicaid that matches the continuum available in physical care. Lawmakers followed through both in standalone legislation and in allocating important funding for behavioral health (see The Budget section, pages 16-17).

Key Wins

- **Senate Bill 646** by Sen. Royce West (D-Dallas) adds new provider incentives in an update to the state's Loan Repayment Program for Mental Health Professionals. The bill adds eligibility for new provider types and opens avenues for additional loan repayment assistance for certain provider attributes, such as fluency in a language of need in the provider's practice area.
- **Senate Bill 1164** by Sen. Judith Zaffirini (D-Laredo) and **Senate Bill 2878** by Sen. Bryan Hughes (R-Mineola) clarified proper procedure for obtaining orders of protective custody if a person is a danger to themselves or others. Now, the law explicitly allows hospitals to pursue such an order in the county where the facility and the patient are located, rather than having to travel to the county where the patient was apprehended.

THA-Supported Legislation/Initiatives That Didn't Pass

- **House Bill 1621** by Rep. John Lujan (R-San Antonio) would have established a dollar-for-dollar matching grant program for technological improvements at behavioral health hospitals. It passed the House but stalled in the Senate.
- **House Bill 2036** by Rep. Tom Oliverson, M.D. (R-Cypress) would have mandated partial hospitalization programs and intensive outpatient therapy in Medicaid, moving the program closer to a full continuum of care for behavioral health services.
- THA again unsuccessfully pursued funding for a state waiver from the federal "institutions for mental disease" (IMD) exclusion, which limits most adult inpatient behavioral health stays in Medicaid to no more than 15 days. Pursuit of an IMD exclusion occurred both in budget negotiations and through **House Bill 154** by Rep. Richard Raymond (D-Laredo), which didn't receive a committee hearing.

On Defense: Opposed Legislation

Senate Bill 1608 by Sen. Donna Campbell, M.D. (R-New Braunfels) would have mandated an in-person examination by a physician upon intake at an inpatient mental health facility, instead of the current law that mandates an exam within 24 hours and allows it to occur via telehealth. THA opposed this bill, warning that some psychiatric facilities wouldn't be able to accept direct admissions or transfers from emergency departments because of challenges with adequate physician staffing. SB 1608 died after passing the Senate.

Life of the Mother Act

A win for Texas mothers is a win for Texas hospitals. Signaling clear support for Texas mothers, THA and the Texas Medical Association banded together to push for the passage of the Life of the Mother Act, **Senate Bill 31** by Sen. Bryan Hughes (R-Mineola). The bill provides much-needed clarity on when a physician can act to terminate a pregnancy during a medical emergency. It restores a physician's ability to act quickly to save the mother's life in such an emergency without worrying about criminal or civil liability.

THA legal experts and lobbyists were instrumental in navigating political and legal waters with precision, acumen and care to help advance this legislation.

With months of behind-the-scenes deliberation and input from constituents, stakeholders, hospitals, physicians and legal experts, lawmakers were able to move past political differences and find common ground. The Life of the Mother Act passed with overwhelming support in both chambers. All 31 senators voted in favor of SB 31's passage, and the House passed the legislation by a 134-4 vote. THA is grateful for the Texas lawmakers who went out on a limb to write, navigate, compromise and support the advancement of this crucial legislation.

Since 2022, physicians and hospitals have been navigating multiple abortion statutes that contain conflicting definitions and undefined terms, which created uncertainty in how they could intervene. SB 31 accomplishes a long list of clarifications, chiefly:

- A woman who is suffering a life-threatening condition does not need to suffer physical impairment or damage before a physician can act, and her death does not need to be imminent.
- The burden of proof in criminal prosecutions on medical emergency exceptions rests with the state and not the physician.
- It conforms the definition of "medical emergency" across Texas abortion statutes, and clarifies the definition of ectopic pregnancy.
- It also clarifies that communications between physicians, hospital administrators and lawyers to help understand and navigate the medical emergency exception are not considered "aiding and abetting."

THA will work with stakeholders on implementation and will be at the table in the development of education to ensure lawyers, physicians and hospitals understand Texas' abortion laws. The Life of the Mother Act leaves the current Texas prohibition against abortion intact while providing much-needed clarity. It will have an immediate and positive impact, helping hospitals and physicians provide lifesaving care to pregnant women in distress.

Support for Medicaid

Texas' Medicaid program is a joint federal/state undertaking, and no session in recent memory required more of THA's attention to both sides of that equation at the same time. THA made sure to have a seat at the table in Washington as congressional Republicans aggressively pursued a major budget reconciliation package – now known as the One Big Beautiful Bill Act – that carried major implications for Texas Medicaid's federally permitted financing arrangements. Concurrently, Medicaid faced the usual skepticism from lawmakers in Austin about its cost and efficiency, and THA was closely involved in both budget talks and legislation tied to the program, which insures more than 4 million Texans.

Key Wins

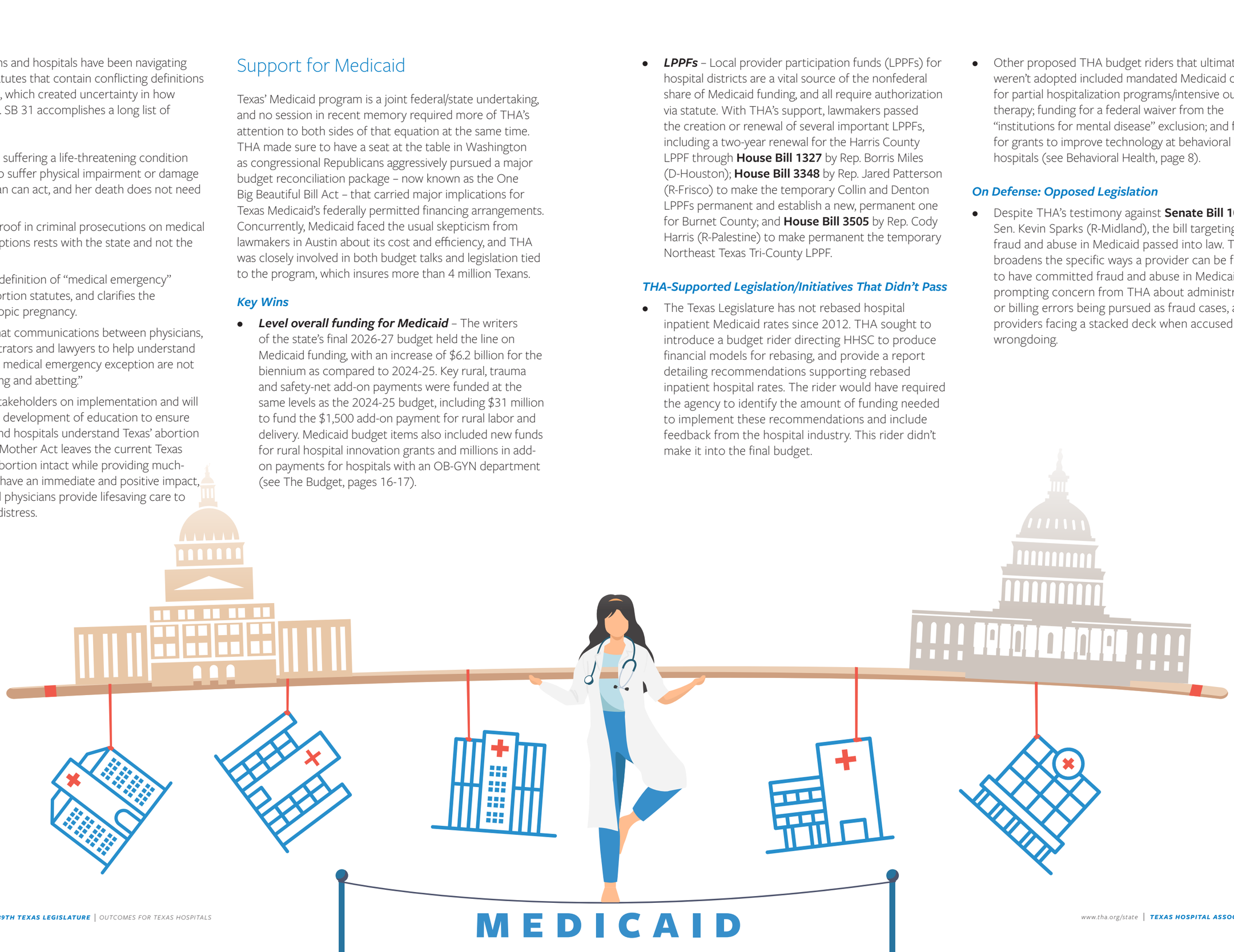
- ***Level overall funding for Medicaid*** – The writers of the state's final 2026-27 budget held the line on Medicaid funding, with an increase of $6.2 billion for the biennium as compared to 2024-25. Key rural, trauma and safety-net add-on payments were funded at the same levels as the 2024-25 budget, including $31 million to fund the $1,500 add-on payment for rural labor and delivery. Medicaid budget items also included new funds for rural hospital innovation grants and millions in add-on payments for hospitals with an OB-GYN department (see The Budget, pages 16-17).
- ***LPPFs*** – Local provider participation funds (LPPFs) for hospital districts are a vital source of the nonfederal share of Medicaid funding, and all require authorization via statute. With THA's support, lawmakers passed the creation or renewal of several important LPPFs, including a two-year renewal for the Harris County LPPF through **House Bill 1327** by Rep. Borris Miles (D-Houston); **House Bill 3348** by Rep. Jared Patterson (R-Frisco) to make the temporary Collin and Denton LPPFs permanent and establish a new, permanent one for Burnet County; and **House Bill 3505** by Rep. Cody Harris (R-Palestine) to make permanent the temporary Northeast Texas Tri-County LPPF.

THA-Supported Legislation/Initiatives That Didn't Pass

- The Texas Legislature has not rebased hospital inpatient Medicaid rates since 2012. THA sought to introduce a budget rider directing HHSC to produce financial models for rebasing, and provide a report detailing recommendations supporting rebased inpatient hospital rates. The rider would have required the agency to identify the amount of funding needed to implement these recommendations and include feedback from the hospital industry. This rider didn't make it into the final budget.
- Other proposed THA budget riders that ultimately weren't adopted included mandated Medicaid coverage for partial hospitalization programs/intensive outpatient therapy; funding for a federal waiver from the "institutions for mental disease" exclusion; and funding for grants to improve technology at behavioral health hospitals (see Behavioral Health, page 8).

On Defense: Opposed Legislation

- Despite THA's testimony against **Senate Bill 1038** by Sen. Kevin Sparks (R-Midland), the bill targeting waste, fraud and abuse in Medicaid passed into law. The bill broadens the specific ways a provider can be found to have committed fraud and abuse in Medicaid, prompting concern from THA about administrative or billing errors being pursued as fraud cases, and providers facing a stacked deck when accused of wrongdoing.



THA on Defense: Navigating the Worst Bills

The unabating torrent of "anti" movements that threaten the health of Texans, hospitals and the state's health care landscape once again required strenuous pushback from hospital advocates. On contentious issues both new and encoring from 2023, THA worked against the worst policy ideas dreamed up by anti-science, anti-hospital and anti-public health forces – preventing catastrophic impacts on health, safety and hospitals' ability to stay open.

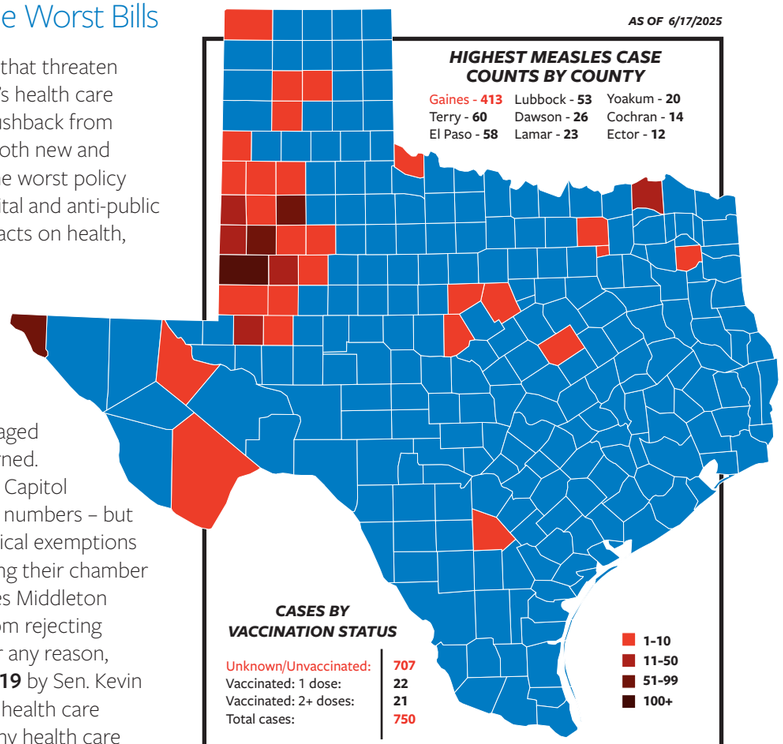
Vaccines and exemptions

The beginning of the current measles outbreak in West Texas coincided with the session's earliest days, resulting in more than 700 cases – and two deaths of school-aged children – by the time the Legislature adjourned. Drivers of "vaccine choice" legislation at the Capitol seemed unpersuaded by the mounting case numbers – but still, the worst bills tied to vaccines and medical exemptions fell short of becoming law. Dying after passing their chamber of origin were **Senate Bill 407** by Sen. Mayes Middleton (R-Galveston) to bar health care facilities from rejecting a hospital employee's vaccine exemption for any reason, including religious beliefs, and **Senate Bill 619** by Sen. Kevin Sparks (R-Midland), which would have given health care providers an opt-out from participating in any health care service for reasons of conscience. THA testified against both of these measures.

The most troubling vaccine-related bill that did become law was **House Bill 1586** by Rep. Lacey Hull. HB 1586 makes opting out of a vaccine for public schoolchildren easier by requiring the state's blank affidavit for an exemption to be readily available for download on the Texas Department of State Health Services website.

Investigations into hospitals

THA, the Texas Medical Association (TMA) and other providers went to the House floor to successfully defeat **House Bill 4012** by Rep. Dennis Paul (R-Houston), which would have established a bounty-type system allowing any citizen to sue over alleged health care fraud against private health plans, even if the plaintiff wasn't affected in any way by the purported fraud. This type of system already exists for alleged fraud of government payers. HB 4012 would have given health insurers an alarming amount of leverage in legitimate payment disputes. THA stopped the advancement of HB 4012 by stressing – among other weaknesses in the bill – the breeding ground it would have created for frivolous lawsuits.



Measles Outbreak Illustrates the Vitality of Vaccines

Early in a session where everyone knew anti-vaccine, anti-science forces would likely be more emboldened than ever, an unfortunate measles outbreak in West Texas – concentrated largely around Gaines County and surrounding points – illustrated how low vaccination rates can bring a dormant disease roaring back in short order. In committee testimony, THA pointed to the outbreak as an example of what could happen if various alarming anti-vaccine measures were passed into law. Ultimately, the worst anti-vaccine measures were defeated. As of mid-June, the outbreak had resulted in 750 cases, nearly 100 hospitalizations and two deaths, both of unvaccinated school-aged children.

Deregulated health insurance

With TMA's help, THA killed a second bill on the House floor – a rare feat for one session – when it stopped **House Bill 139** by Rep. Jay Dean (R-Longview). The bill would have allowed insurers to offer "employer choice of benefits" plans that don't provide the state's mandated level of benefits and are not subject to other laws that protect consumers and providers, such as prompt pay and prior authorization transparency requirements.

Facility fees

In 2023, hospital facility fees were a highly contentious issue for THA. This time around, the authors of the facility fee bills that found traction in 2025 both agreed to work with THA to improve their legislation before the bills ultimately died. THA had productive discussions with Rep. James Frank (R-Wichita Falls) on his **House Bill 2556**, and Sen. Kelly Hancock (R-North Richland Hills), the author of companion measure **Senate Bill 1232**. As originally filed, the bill would have barred facility fees for preventive care and required unique National Provider Identifier numbers for every clinic location, among other problematic provisions. Both bills fell short of passing their parent chamber.

Charity care

The pre-session release of the state's $5 million Myers & Stauffer report on charity care and community benefit confirmed that Texas hospitals were duly exceeding state requirements to supply charity care to patients unable to pay. Though the report's positive findings ensured charity care didn't become a hotly litigated topic this session, THA still had to rally against **House Bill 3708** by Rep. Oliverson. This measure would have introduced new screening requirements at nonprofit hospitals to determine patients' eligibility for charity care discounts or before referring a patient to collections. THA testified against the bill and warned against a "one-size-fits-all" solution for charity care policies. HB 3708 died after passing committee.

Hospital consolidation

Already regulated well beyond almost any other industry, hospitals would have faced yet another regulatory obstacle if **House Bill 2747** by Rep. Frank had passed. HB 2747 sought to introduce new reporting requirements when health care entities undertake a "material change transaction," a term that generally refers to transactions like ownership, operations and governance changes. THA objected to adding a new slate of reporting requirements to hospitals' regulatory mandates. The bill's momentum fizzled after it passed committee. A similarly themed measure, **House Bill 4408** by Rep. Dean, would have introduced broad new hospital reporting requirements to the Texas secretary of state annually, including the submission of a detailed organizational chart and comprehensive financial reports. It would also have required broad reporting on material change transactions. Opposed by THA, HB 4408 was heard in committee but advanced no further.

Keeping Members Engaged:
THA's Advocacy Communications and Media Outreach

Both in the previous interim and throughout this year's session, THA's diverse and modern communication channels played a major role in keeping hospitals, lawmakers and the public abreast of THA's policy positions and its work on key legislation. THA continues to be well positioned as a key resource for news media across the country on a slew of wide-ranging legislative topics, including hospital regulation, executive orders, charity care and public health interventions. THA uses its array of digital platforms to proactively carry and explain hospital positions.

These include:

- ***The Health Care Advocate***, THA's weekly advocacy newsletter that is distributed on Thursday evenings;
- ***The Cap Recap***, THA's weekly roundup of Capitol news during session, distributed via the THA website and Spotify;
- ***The Scope***, THA's digital news source covering both advocacy issues and other important topics for THA membership, and its supplemental LinkedIn newsletter, the MicroScope;
- The ***Advocacy*** and ***Issues*** tabs on THA's website at ***www.tha.org***;
- THA's ***White Papers & Reports*** webpage, also found on THA's website, containing THA policy papers on legislative and regulatory issues; and
- THA's ***social media accounts***, with advocacy content primarily distributed on X, Facebook and LinkedIn.

With the need for concurrent outreach on the federal reconciliation bill and its potential impact on Medicaid, THA members displayed invaluable public leadership. Hospital leaders placed op-eds detailing the need to preserve and be careful with Texas Medicaid in such outlets as the Houston Chronicle, the Dallas Morning News and the Abilene Reporter-News.

THE BUDGET

A two-year budget is the only thing the Texas Legislature is legally required to pass during each general session. THA made sure that hospital-relevant funding needs stayed top of mind for lawmakers as they crafted the 2026-27 budget. Lawmakers held the line on many key health care elements of the budget and, in some cases, provided meaningful increases for vital programs.

In January, Texas Comptroller Glenn Hegar announced Texas would end its current budget with a surplus of $23.8 billion, and that lawmakers would have a total of $194.6 billion to spend on the next two-year budget. While this surplus is lower than the record $32.7 billion the state had two years ago, hospitals fared well this session in budget decisions made by lawmakers. These dollars are separate from the state's Rainy Day Fund, which is projected to reach $28.5 billion by the end of the next budget in 2027.

The state budget total is approximately $338 billion in all funds, which is a $4 billion increase from the current biennial budget.

A total of $149 billion of those dollars are general revenue, or state dollars. Medicaid – a primary payer for Texas hospitals – makes up a large portion of that, totaling approximately $82.6 billion in all funds ($32 billion in general revenue).

The budget also contains a rider, advocated for by THA, that directs HHSC to examine all data the state collects from hospitals to pinpoint areas of duplication and compile a report by Nov. 1, 2026. Texas hospitals continue to fulfill numerous reporting requirements and make public reams of data to ensure transparency for stakeholders, lawmakers and the general public.

Hospital Payments and Medicaid Funding

NEW FUNDING
- Medicaid Inpatient and Outpatient Reimbursement for Rural Hospitals – **$63 million**
- Medicaid Add-On Payment Increase for Rural Hospitals With OB-GYN Department – **$15 million**

FUNDING INCREASED
- Total Medicaid Funding – **+$6.2 billion ($82.6 billion total)**
- Rural Hospital Grant Program – **+$84 million ($134 million total)**
- Maternal Fetal Medicine Radiological Services – **10% rate increase**

FUNDING MAINTAINED
- Medicaid Trauma Add-On Payments
- Medicaid Rural Outpatient Payments
- Medicaid Rural Labor and Delivery Add-On Payments

Behavioral Health

NEW FUNDING
- Key Behavioral Health Services for Department of Family and Protective Services population – **$14 million**

FUNDING INCREASED
- Mental Health Community Hospitals/Inpatient Community Psychiatric Beds – **+$156 million ($782 million total)**
- Community Mental Health Grant Programs – **+$7.4 million ($235 million total)**

FUNDING MAINTAINED
- Rural Hospital Telepsychiatry Consultations

Maternal/Women's/Children's Health

NEW FUNDING
- Department of State Health Services Funding for Congenital Syphilis – **$8.4 million**

FUNDING INCREASED
- Maternal Mortality and Morbidity & TexasAIM – **+$6 million ($10 million total)**

FUNDING MAINTAINED
- Healthy Texas Women
- Family Planning Program
- Breast & Cervical Cancer Services Program

Public Health

NEW FUNDING
- Whole Blood Pilot Program – **$10 million**

FUNDING INCREASED
- EMS/Trauma/Regional Advisory Councils – **+$1 million ($227 million total)**

FUNDING MAINTAINED
- Texas Colorectal Cancer Treatment Pilot Program

Workforce

FUNDING INCREASED
- Graduate Medical Education – **+$71.3 million ($304.4 million total)**
- Texas Workforce Commission (TWC) Skills Development Fund – **+$5.4 million ($67.3 million total)**
- TWC Apprenticeship – **+$17.7 million ($56.5 million total)**

FUNDING MAINTAINED
- Professional Nursing Shortage Reduction Program
- Nurse Faculty Loan Repayment Program
- Nursing Innovation Grant Program
- Nursing Workforce Studies and Workplace Violence Grant Support
- Physician Education Loan Repayment Program
- Family Practice Residency Program
- Rural Residency Physician Grant Program
- Mental Health Loan Repayment Program

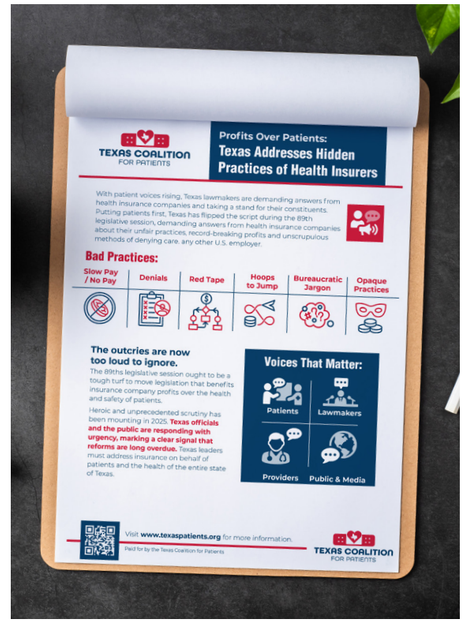
Other Notable Budget Provisions

- Removal of COVID-19 Federal Funds Reporting Requirements rider
- HHSC directed to verify residency status of clients in Medicaid and CHIP at least monthly
- HHSC and DSHS directed to improve hospital reporting and transparency, including eliminating duplicative reporting requirements. By Nov. 1, 2026, HHSC shall submit a report to the Texas Legislative Budget Board and the governor listing all mandatory and optional data collection for hospitals, including any reports eliminated or modified.

A United Front:
The Texas Coalition for Patients

Correctly anticipating the need for a coordinated, multi-stakeholder effort for this session to combat attacks on hospitals – and on access to care – by the insurance industry, THA was instrumental in forming the Texas Coalition for Patients. The coalition also included the Texas Medical Association, the Texas Organization of Rural & Community Hospitals, the National Alliance on Mental Illness and other like-minded groups. The coalition focused on messaging and legislation that countered the harmful, bottom line-focused efforts of Big Insurance and prioritized patients over profits and paperwork. More information on the coalition is available at ***texaspatients.org.***

TEXAS COALITION FOR PATIENTS



OTHER KEY ISSUES IMPACTING TEXAS HOSPITALS

Although the issues and legislation detailed in previous pages emerged as key policy priorities, THA's work during this session included the tracking of nearly 1,900 bills, out of more than 9,200 that were filed. Here are some of the most significant pieces of other legislation THA tracked and helped shape.

Hospital Operations

From hospital parking lots to billing departments, THA engaged on legislative measures this session that encompassed a wide range of a hospital's operations. THA's persistent and strategic lobbying approach led to positive outcomes for many of these bills. **House Bill 2854** by Rep. Rafael Anchía (D-Dallas), prompted by the 2022 shooting incident at Methodist Dallas Medical Center, requires notification to hospitals before allowing a visit from a parolee on release for a violent offense who is under mandatory electronic monitoring. This heavily negotiated bill passed with full support from THA, the Texas Department of Criminal Justice and both the House and Senate.

THA opposed the following measures, none of which passed:

- **Senate Bill 660** by Sen. Royce West (D-Dallas) would have mandated crash barriers, known as bollards, outside hospital emergency departments. Fueled by reporting in local media, this bill sought to impose a one-size-fits-all bollard mandate despite a lack of supporting data on the topic. Although it passed through the Senate, the bill died in the House.
- **Senate Bill 1373** by Sen. Chuy Hinojosa (D-McAllen), a priority bill for the Texas Podiatric Medical Association, would have amended the longstanding process for renewing or granting hospital privileges with vague and ambiguous language requiring privileges to be adjudicated in a "consistent manner." Also opposed by the Texas Medical Association, SB 1373 passed the Senate but died in the House Committee on Public Health.
- **Senate Bill 2043** by Sen. Bryan Hughes (R-Mineola) would have prohibited hospitals from taking action against any employee for constitutionally protected speech or conduct. THA testified that the bill would handcuff hospitals' image-management efforts if an employee, for example, posted a racist diatribe online. The bill died after stalling in the House.

AI in Health Care and Insurance

News stories about major health insurers misusing artificial intelligence in claims adjudication have been increasingly common in recent years, along with burgeoning concerns about AI's overall role in health care. Three key bills passed into law will introduce guardrails on AI's use in health care and health insurance:

- **Senate Bill 815** by Sen. Charles Schwertner, M.D. (R-Georgetown) prohibits the use of AI to make an adverse determination in insurer utilization review, "wholly or partly."
- **House Bill 149** by Rep. Giovanni Capriglione (R-Southlake) introduces broad new requirements and prohibitions tied to AI, including disclosure requirements around its use for health care services or treatment. The bill's limitations on AI include prohibiting its use for "social scoring" or for uniquely identifying a person based on biometric data, particularly for the purposes of discrimination against a person.
- **Senate Bill 1964** by Sen. Tan Parker (R-Flower Mound) focused on providing greater transparency on the use of AI by government agencies – including public hospitals and health-related institutions – by increasing notification requirements for patients and customers when they interact with AI.

EMS/Trauma Funding

The state's trauma and emergency medical services account got a boost from the passage of **Senate Bill 1018** by Sen. Joan Huffman (R-Houston). The bill increases the percentage of traffic fine revenue allocated to the trauma/EMS account from 30% to 50%.

Rural Health Care

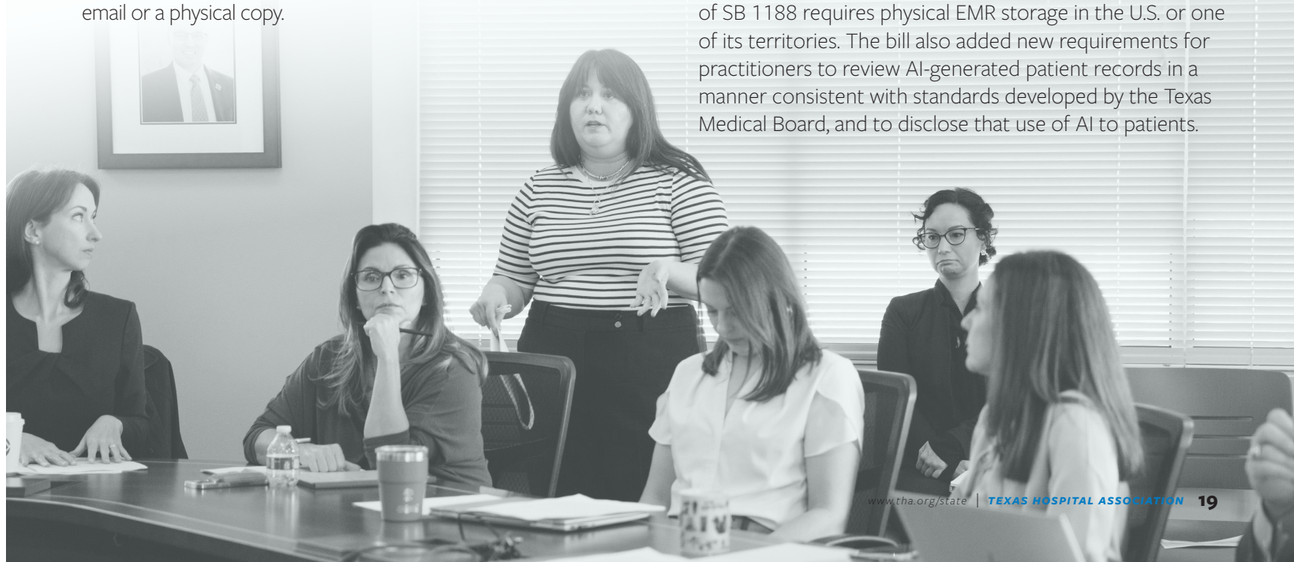
The successful passage of **House Bill 18** by Rep. Gary VanDeaver (R-New Boston) provides several types of funding and support to rural hospitals, including the establishment of a State Office of Rural Finance to provide technical assistance for rural hospitals; a Financial Stabilization Grant Program to help rural facilities stay viable; a Rural Hospital Support Grant Program; and a Rural Pediatric Mental Health Care Access Program.

Cash Price Payments

Two years ago, THA defeated a problematic government rate-setting bill tied to cash payments for services provided outside insurance. During this session, hospitals negotiated a modified version of the same policy idea into something more palatable, and **House Bill 1612** by Rep. James Frank (R-Wichita Falls) passed into law. For health care services outside insurance coverage, HB 1612 requires hospitals to charge no more than 25% over amounts generally billed, or no more than 50% over the lowest contracted rate the hospital has with any health insurer for that service. Based on feedback from THA members, basing the cash price on amounts generally billed allows hospitals the appropriate flexibility to set their prices on a variety of factors.

Itemized Billing

Lawmakers followed up on the 2023 introduction of an itemized billing requirement for providers by passing another measure related to patient billing. Under the new **House Bill 216** by Rep. Caroline Harris Davila (R-Round Rock), providers who issue electronic itemized bills through a patient portal must, "if feasible," determine whether the patient has an active patient profile on the portal. If the provider either determines the patient does not have an active profile or can't determine whether the patient has one, the provider must deliver the bill through the patient's chosen method: mail, email or a physical copy.



Billing Estimates

Passing was **House Bill 1314** by Rep. Hillary Hickland (R-Belton), which requires facilities to provide an estimate of billed charges on request within five business days for outpatient surgeries and elective inpatient stays. THA negotiated language with Rep. Hickland to ultimately support the bill. However, dying without a committee hearing was Rep. Harris Davila's **House Bill 251**, which included language tied to a provided estimate that would have prohibited final billed charges from exceeding that estimate by more than 5%.

Cost of Care for Unlawfully Present Patients

Gov. Greg Abbott's August 2024 executive order mandated quarterly reports for hospitals on the cost of care provided to patients not lawfully present in the U.S. **House Bill 2587** by Rep. Mike Olcott (R-Fort Worth) sought to essentially enshrine the executive order in state law, although it would have introduced a new requirement for hospitals to track and report costs of uncompensated care to unauthorized immigrant populations, rather than the executive order's requirement for pure cost reporting. THA was neutral on HB 2587 with concerns. The bill died on a point of order on the House floor.

Electronic Medical Records

Although **Senate Bill 1188** passed with provisions THA had concerns about, negotiations on the bill mitigated its negative impact. The bill by Sen. Lois Kolkhorst (R-Brenham) originally mandated that all electronic medical record (EMR) storage for hospitals be physically maintained within the U.S., which THA warned would be a substantial cost burden for small and rural hospitals. The final version of SB 1188 requires physical EMR storage in the U.S. or one of its territories. The bill also added new requirements for practitioners to review AI-generated patient records in a manner consistent with standards developed by the Texas Medical Board, and to disclose that use of AI to patients.

Workplace Safety

One session ago, THA was the driving force behind a key workplace violence prevention measure. (Senate Bill 240, from 2023). This time around, THA-supported **Senate Bill 463** by Sen. Donna Campbell, M.D. (R-New Braunfels) passed to apply the existing violence prevention requirements to hospice, personal assistance and rehabilitation services, intermediate care facilities for the disabled and state-supported living centers.

Protecting 340B

As pharmaceutical prices soar, drugmakers continue attempting to limit hospitals' access to the federal 340B Drug Pricing Program in an effort to pocket savings. To combat this, Rep. Drew Darby (R-San Angelo) put forth **House Bill 3265**, a THA priority bill that would have prohibited discrimination tactics against hospitals participating in the 340B program, such as administrative hurdles and contract pharmacy restrictions. Through a coalition comprised of major Texas health care entities, THA battled a multimillion-dollar lobbying effort from drugmakers. HB 3265 passed the House Committee on Insurance but didn't advance further.

PBM Transparency

A large goal this session for THA and the Texas Coalition for Patients was to increase patient access to prescriptions by lowering overall prescription costs. To that end, **House Bill 2750** aimed to crack down on financially motivated steering by pharmacy benefit managers (PBMs). Under the bill, health insurers that use a PBM would have been required to give enrollees the option to choose one in which the insurer doesn't have a financial stake. THA recognized potential unintended consequences of the bill and worked with the bill's author, Rep. Cody Harris (R-Palestine), to address these. Unfortunately, the bill was left pending and died in the House Committee on Insurance.

Nurse Staffing Laws

Together, THA and the Texas Nurses Association achieved passage of a needed update to the state's landmark 2009 nurse staffing laws. The reinforcement of staffing standards via **House Bill 2187** by Rep. Donna Howard (D-Austin) reflects Texas' hospitals dedication to ensuring safe staffing levels and fostering work environments where nurses can report any concerns on staffing and mandatory overtime without fear of retaliation. HB 2187 earned unanimous passage in both chambers.

Physician Noncompete Agreements

Over THA's objections, lawmakers passed a bill to restrict physician noncompete agreements by time and distance standards. **Senate Bill 1318** by Sen. Schwertner mandates that noncompete covenants expire no later than one year after the termination of employment and limits noncompetes to a maximum geographical radius of five miles from where the physician primarily practiced. In testifying against the bill, THA called its limitations "arbitrary" and said the new requirements would unnecessarily upend the state's existing noncompete framework.

Child Abuse Reporting

THA helped keep facilities from enduring another layer of regulatory burden on top of existing and stringent requirements to report suspected child abuse. Hospitals opposed **Senate Bill 128** by Sen. Bob Hall (R-Edgewood), which would have required hospitals to submit a monthly report compiling information on individual reports of child abuse, exploitation or neglect made by the hospital, or an employee or agent of the facility. THA argued that few if any hospitals have the infrastructure to meet the bill's requirements. SB 128 passed the Senate but stalled after that.

Emergency Care Coverage

THA once again threw its support behind strengthening the "prudent layperson" standard for emergency care to stop insurers' attempts to base coverage on the patient's final diagnosis. However, that effort once again proved unsuccessful as neither **House Bill 1635** by Rep. Tom Oliverson, M.D. (R-Cypress) or its companion, **Senate Bill 622** by Sen. Schwertner, advanced out of committee. The bill would have clarified that coverage for an emergency encounter must be based on presenting systems and not the final diagnosis.

Guns in Hospitals

Bills that promote the increased presence of firearms in hospitals are an easy "oppose" for THA, and these two bills – both of which died without significant advancement – were no exception:

- Under Sen. Hall's **Senate Bill 82**, if any business prohibits entry by a person with a concealed handgun – as allowed under current Texas law – the person "with control over the premises" would have been liable for damages resulting from any criminal act on those premises.

- **House Bill 4201** by Rep. Nate Schatzline (R-Fort Worth) would have added Texas handgun license holders to the list of individuals who are exempted at places where guns are prohibited under Texas Penal Code 46.03, including hospitals, nursing facilities and psychiatric hospitals.

Liability Reform and Medical Expenses

THA was neutral on – but had serious concerns about – **Senate Bill 30** by Sen. Schwertner, which ultimately died in conference committee after passing both chambers. As originally filed, SB 30 would have limited the recovery of medical expenses in health care liability claims to an arbitrary, Legislature-established external benchmark and would likely have introduced new testimony and discovery requirements for providers when the reasonableness of their charges is disputed in a liability claim. Amendments added to SB 30 on the House floor would have codified a judge's discretion on whether to admit evidence tending to call into question the reasonableness of medical expenses – a perceived problem the bill's author's were trying to address through the required admission of such evidence. Conference committee members ultimately found that the legislation didn't have enough support.

Direct Blood Donations

THA worked with Sen. Hall to improve his **Senate Bill 125**, a THA-opposed measure that would have allowed patients to receive autologous blood donations – i.e., using their own blood – or to provide a direct blood donation from another person. With THA's influence, the bill was amended to clarify that it would only apply at hospitals that are licensed to collect blood. It would also have allowed hospitals to charge for the service. But SB 125 died before reaching the House floor.

End-of-life Care

Two years after negotiations between THA and other groups resulted in agreement on landmark legislation covering disputes over end-of-life care (House Bill 3162, from 2023), THA helped fend off legislation that would have undone much of that progress:

- **House Bill 2072** by Rep. Lacey Hull (R-Houston) would have neutered hospitals' ability to use the medical ethics-committee process to resolve disputes between the facility and the patient or their family members. HB 2072 sought to create criminal and civil liability if the hospital withheld or withdrew life-sustaining treatment against the advance directive of a patient, or against the decision-making authority of someone making health care decisions for the patient.
- **House Bill 1059** by Rep. Salman Bhojani (D-Euless) would have introduced a presumption of validity for advance directives and introduced a long list of requirements for permissible forms of medical power of attorney. Neither HB 2072 nor HB 1059 received a committee hearing.

Perinatal Palliative and Bereavement Care

THA worked on multiple bills impacting how perinatal palliative and bereavement care are provided to patients who receive a life-limiting or life-threatening diagnosis of their fetus. THA was successful in getting $5 million in grant funding for bereavement technology – such as cooling cots to extend the time parents can grieve – under **House Bill 37** by Rep. Mihaela Plesa (D-Dallas), which passed into law. However, by also passing **Senate Bill 1233** by Sen. Kelly Hancock (R-North Richland Hills), the state added a required attestation for mothers receiving terminal diagnoses upon receiving palliative care materials, a process THA felt was invasive and inappropriate when families are receiving this difficult diagnosis.

GOING FORWARD: STAY ATTUNED, STAY INVOLVED

While in common parlance, most people think of the Texas Legislature as only meeting "every two years" or "every odd-numbered year," that isn't strictly the case.

What happens between those regular sessions – as legislative committees meet in the even-numbered years to examine interim charges – is just as important as the nitty-gritty work that happens when the Legislature is in session to consider bills. The groundwork for the next regular session is laid in that period, and hospital advocates need to continue building relationships with their elected officials, letting them know – on a continuing basis – what challenges hospitals face. And of course, major elections occur every two years, including the contesting of every seat in the Texas House of Representatives.

As hospital advocates, THA and its members can:

- Maintain the ears of all our elected state officials. Arrange meetings with your representatives when they're back home in your district, or even arrange for them to take a tour of your facility for a firsthand look at how the issues they vote on affect hospitals.
- Push back on the anti-hospital sentiment that continues to circulate among lawmakers and the general public. Double down on work to offer broad education on the critical role of hospitals in Texas communities – and engage local leaders and digital channels to air this perspective and help control the narrative.
- Advocate for issues we know will again be a priority in the 2027 session. It's never too early to talk about issues such as the importance of maintaining high vaccination rates for preventable infectious diseases, or the need to protect participation in the 340B Drug Pricing Program.
- Engage with elected officials and candidates through HOSPAC, THA's political action committee. HOSPAC identifies, endorses and donates to candidates at both the state and federal levels who have a willingness to discuss difficult issues and believe in good health care and hospital policy. Elevating those candidates into elected office is a prerequisite for realizing the legislation that hospitals need.

Just as hospitals are open 24/7, the work of hospital advocacy continues even in the quieter moments of the policymaking cycle. These steps will prepare the hospital industry for a 2027 session as successful as the 2025 edition.

The Texas Hospital Association's 2025 Advocacy Team

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Texas Hospital Association

HEALTH CARE AND THE 89TH TEXAS LEGISLATURE: **OUTCOMES FOR TEXAS HOSPITALS**

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