

SUBJECT: South Texas Hospital operations and tuberculosis care

COMMITTEE: Public Health — committee substitute recommended

VOTE: 8 ayes — Gray, Capelo, Delisi, Glaze, Hilderbran, Maxey, McClendon, Uresti

0 nays

1 absent — Coleman

WITNESSES: For — Ted Melina Raab, Texas State Employees Union

Against — None

BACKGROUND: The Texas Department of Health (TDH) operates two hospitals that provide tuberculosis services: the Texas Center for Infectious Diseases (TCID) in San Antonio and the South Texas Hospital in Harlingen. Each facility employs about 300 people. Built in the 1950s, both hospitals are at risk of losing accreditation due to aging and deteriorating facilities.

The primary purpose of the South Texas Hospital, as stated in the Health and Safety Code, sec. 13.003, is to provide health-care services to the residents of the Lower Rio Grande Valley. The hospital offers pediatric, women's health, cancer screening, diagnostic, and health education services. It also has about 20 beds for treatment of tuberculosis. The hospital is the major provider of sub-acute indigent care in the region. South Texas Hospital also has transferred three of its buildings to Texas Department of Mental Health and Mental Retardation (MHMR).

The 75th Legislature authorized the University of Texas to create a Regional Academic Health Center (RAHC) in Harlingen, a clinical health education facility.

DIGEST: CSHB 3504 would require the Texas Department of Health to contract to build a new facility for health care services for residents of the Lower Rio Grande Valley. The facility would be located at the site of the South Texas Hospital or at a site adjacent to the Regional Academic Health Center in

Harlingen.

CSHB 3504 also would require TDH:

- ! to contract with one or more public or private entities to provide inpatient and outpatient health care services, including tuberculosis treatment and related laboratory services;
- ! to contract for minimal renovations to South Texas Hospital for continuing outpatient services until the new facility is completed;
- ! to give the Texas Department of Mental Health and Mental Retardation (MHMR) the first option to lease the current physical facilities of South Texas Hospital; and
- ! to the extent possible within available appropriations, reassign South Texas Hospital employees displaced by the bill to open positions within TDH.

The outpatient facility would have to provide all outpatient services provided by the South Texas Hospital, including outpatient tuberculosis services. If the facility was collocated with the RAHC, it would have to meet requirements relating to efficient use of services. TDH and MHMR would have to contract to continue to provide for MHMR services at South Texas Hospital.

TDH could contract with any public or private health care entity or provider to manage facility operations or to provide outpatient health care services. All contracts required by this act would have to be entered into by September 1, 2000.

CSHB 3504 would provide retirement and annuity options for displaced South Texas Hospital employees.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS  
SAY:

CSHB 3504 would phase out the use of the South Texas Hospital and Texas Department of Health's direct involvement in providing health-care services, while continuing critically needed state assistance for indigent health care in the Lower Rio Grande Valley.

It is crucial that state funding be provided for a new outpatient facility, and to ensure continuity of inpatient services. The Lower Rio Grande Valley area, comprised of Cameron, Hidalgo, Starr, and Willacy counties, is one of the

poorest areas in the United States. It has high unemployment, a high number of uninsured individuals, a low tax base, and no public hospital.

Because the incidence of TB is much higher in Mexico than in the United States, this area also experiences higher rates of this dangerous, sometimes fatal, disease. In 1996, there were 18 TB cases per 100,000 population in the valley area, compared to the statewide average of 10.3 cases per 100,000. The bill would continue essential inpatient and outpatient tuberculosis services. South Texas Hospital would be an important link in a coordinated, statewide system to fight TB, including the Texas Center for Infectious Disease in San Antonio, the UT System and TDH.

HB 3504 stems from recommendations of a Senate Finance Committee interim study. Funding for this bill would be provided in Article 12 of the House- and Senate-passed versions of HB 1, the general appropriations bill.

This bill is a key part of a long-range plan to discontinue the state's direct involvement in running South Texas Hospital. The first step would be to build a new outpatient facility to replace the crumbling facility. Next, a health services district would be created through the enactment of CSHB 3505 by Solis. Local action also would be needed to unite the financial resources of the Valley's local governments in creating an entity to contract with the state to meet the area's inpatient and outpatient treatment needs.

TDH then would be able to sign contracts to continue South Texas Hospital's inpatient services through the area private hospitals, using funds currently appropriated for inpatient services at South Texas Hospital. TDH also could contract with other health care providers for outpatient services at the new facility. By 2005, the health services district would have had a couple years of experience, and RAHC would have added other needed health-related services to the area. At that point, TDH and state involvement could be reevaluated by the Legislature.

Current state programs, such as Medicaid, help pay the costs of health services mostly for low-income children. But this leaves counties and other local governments with much larger bills for services to uninsured children of low-wage working parents and uninsured adults. This area still needs state assistance to provide health care. It simply does not have the resources to meet the needs of its population.

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For the state to abandon these health care services immediately would cause tremendous hardship for the many residents who have come to rely upon the hospital's services. A sufficient number of local area providers and government officials have expressed support for this plan to assure its success and warrant legislative approval.

**OPPONENTS  
SAY:**

The state should get out of the business of operating hospitals and outpatient services for the state's indigent. This should be the responsibility to the local governments and private enterprise. Enactment of this bill would cost the state at least \$17.6 million in fiscal 2000, and about \$8 million a year thereafter. This does not include costs associated with constructing and operating the RAHC.

The state already is paying a great deal to health care providers for indigent care services, for example, through Medicaid and special TDH health programs. Texas has launched the Texas Healthy Kids Corporation, which is expected to decrease the number of uninsured children in Texas. The Legislature now is contemplating a major increase in spending to implement the federal Children's Health Insurance Plan (CHIP). It also is setting aside health-related permanent endowments for counties and hospitals with tobacco settlement receipts.

**OTHER  
OPPONENTS  
SAY:**

There are too many unknown factors that could affect this long-range plan for handling the services provided by South Texas Hospital. For example, this bill and CSHB 3505 could set in motion changes resulting in the transfer of more indigent care responsibility to Lower Rio Grande Valley local governments. Furthermore, it is unwise to propose a plan that depends on local hospitals or health care providers to contract for inpatient services, without formal assurances that they are willing to participate.

**NOTES:**

Major changes to the original bill made by the committee substitute include:

- ! removing provisions that would have closed the South Texas Hospital;
- ! adding provisions requiring TDH to contract for the provision of inpatient health care with a political subdivision that is located in the Rio Grande Valley region and is responsible for providing health care services;
- ! giving MHMR first option to lease the current physical facilities of South Texas Hospital upon completion of new facilities; and
- ! adding provisions that would specifically authorize South Texas Hospital to provide outpatient services for the Lower Rio Grande Valley and to

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provide inpatient or outpatient services by contracting with one or more public or private health care providers or entities.

HB 1748 by Van de Putte and Uresti, which would require the renovation or reconstruction of the Texas Center for Infectious Diseases (TCID), is on the House calendar for today.

HB 3505 by Solis, which would authorize the creation of a health services district, is on the House calendar for Tuesday, April 27.