

(The House considered SB 98 by Lucio, the Senate companion bill, in lieu of HB 65, the House version of the bill, which had been set on the daily calendar and was analyzed by the House Research Organization. The bill subsequently was enacted as SB 98.)

HOUSE		HB 65
RESEARCH		Lucio, et al.
ORGANIZATION	bill analysis	(CSHB 65 by Branch)
	5/14/2009	

SUBJECT: Establishing a health science center and medical school in South Texas

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 7 ayes — Branch, Castro, Berman, Cohen, D. Howard, Patrick, Rose

0 nays

2 absent — Alonzo, McCall

WITNESSES: For — Chris Boswell, City of Harlingen; Jose Camacho, Texas Association of Community Health Centers

Against — None

On — (*Registered, but did not testify*: Stacey Silverman, Macgregor Stephenson, Texas Higher Education Coordinating Board)

BACKGROUND: Education Code, ch. 74 regulates medical, dental, and nursing units of the University of Texas System. Ch. 74, subch. L establishes the Lower Rio Grande Valley Academic Health Center.

Education Code, ch. 63 establishes the permanent health fund for higher education health-related institutions, which is an endowment trust fund for the benefit of health-related institutions in Texas. Amounts distributed from the fund may be appropriated only for programs that benefit medical research, health education, or treatment programs.

Art. 8, sec. 18, Texas State Constitution, establishes the Available University Fund (AUF), which benefits the University of Texas System and the Texas A&M University System. The AUF consists of the surface income and investment proceeds from the Permanent University Fund (PUF), a state endowment with land grants totaling 2.1 million acres.

The Constitution appropriates two-thirds of the AUF to the University of Texas System and one-third to the Texas A&M System. The two systems

may use the AUF for capital purposes — debt service on PUF bonds — for most of their institutions and for the support and maintenance of other institutions.

DIGEST:

CSHB 65 would authorize the board of regents of the University of Texas System to establish the University of Texas Health Science Center-South Texas within The University of Texas System, with its main campus and administrative offices in Cameron County. The bill would authorize the transition of the Lower Rio Grande Valley Regional Academic Health Center (RAHC) to the University of Texas Health Science Center-South Texas (UTHSC-South Texas), to be a component institution of the University of Texas System.

The health science center would consist of a medical school — The University of Texas Medical School - South Texas, which would offer degree programs in medicine and other health-related programs — and other facilities. The board of regents would be authorized to include facilities located in Brooks, Cameron, Hidalgo, Jim Hogg, Kenedy, Kleberg, Starr, Willacy, and Zapata counties to operate programs and related activities.

UTSCH-South Texas would be eligible to participate in the AUF if the bill received a two-thirds vote of the Legislature. It would also be eligible for funding from the Permanent Health Fund for Higher Education. Tuition revenue bonds authorized for the RAHC would be transferred to UTHSC-South Texas.

The UT board of regents would be authorized to make joint appointments in the health science center, its component institutions, and other institutions under the board's governance; to accept gifts and grants; and to enter into agreements under which additional facilities used for teaching and research could be provided by public or private entities. A teaching hospital provided by a public or private entity would be authorized, but could not be constructed, maintained, or operated with state funds.

Establishing the health science center would be subject to available funding, either through appropriations or other sources. No funds for a state fiscal biennium ending on or before August 31, 2015, could be appropriated for establishing the health science center.

The bill would require that UTHSC-South Texas be subject to the

continuing supervision of THECB and related rules be adopted.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

It is long past the time to create a medical school in South Texas, which CSHB 65 would accomplish. South Texas is the fastest growing area of the state and the region with the highest percentage of medically-underserved residents. CSHB 65 would put into place the steps necessary to address the critical shortage of primary care physicians and to alleviate the disparities in that area. The border region is exploding in population growth — faster than any other area of the state. Texas needs to plan and prepare for that growth, so that in twenty years there is not a struggle just to provide basic healthcare services. The Hispanic population already has significant healthcare needs, including adult diabetes, obesity, and certain cancers, and UTHSC-South Texas would help direct resources to those needs.

The community understands that establishing a new medical school requires a long-term commitment by local and regional constituencies. In fact, many components already are in place, including infrastructure and two \$25 million buildings. The business and civic communities also have created the Harlingen Medical Foundation to encourage private and philanthropic contributions.

The ratio of practicing physicians to population in Texas increased from the 2002 level of 152 per 100,000 residents in 2002 to 157 per 100,000 residents in 2008. However, the ratio of physicians to population remains well below the national average of 220 physicians per 100,000 residents. That number is even lower in South Texas. One reason for this is that South Texans have limited options for medical education opportunities.

THECB has recognized the long-term need for a medical school in South Texas. THECB reported that even though medical schools in Texas are increasing enrollments, the opportunity to enter medical school is not keeping pace with the growing baccalaureate-graduate population.

Unless Texas expands medical school enrollments at existing schools and locations, or opens additional schools, graduates from Texas colleges and

universities will have less opportunity to enter a Texas medical school. THECB made many recommendations that would ensure adequate opportunities for students to study medicine and therefore create an adequate supply of physicians, and stated that the South Texas region would be a feasible location for a new medical school.

Texas is a net importer of healthcare providers, meaning that the state is dependent on other states for physicians. Only 44 percent of practicing Texas doctors graduated from Texas medical schools. It is widely known that about 80 percent of physicians stay in the area in which they completed residency training. Establishing a medical school in South Texas could increase the number of physicians in the area. Texas has the highest rate of uninsured adults and children in the nation, and the South Texas region is the most medically-underserved in the state. In order to expand health care coverage, the state has to expand access to medical care — the two go hand-in-hand.

The 75th Legislature in 1997 created the Regional Academic Health Center (RAHC) in Harlingen to serve the four counties of the lower Rio Grande Valley. The RAHC has had a tremendous impact on the improved quality of life of the residents. The state has already made a significant investment in the RAHC and transitioning the RAHC into a medical school would build on that investment and be an efficient use of state dollars.

**OPPONENTS
SAY:**

Significant resources would be needed to achieve the goal of CSHB 65 of establishing a new medical school in South Texas, which would be an expensive, long-term commitment. Other alternatives include continuing to increase enrollment at existing schools while developing branch campuses. The state could explore the feasibility of developing primary care and other residency programs in underserved areas of the state.

NOTES:

The substitute differs from the filed version by adding the provision that the establishment of the health science center would be subject to available funding. It also would transfer the authorization or issuance of tuition revenue bonds to the health science center from the RAHC, and would prohibit the use of appropriations for the health science center on or before August 31, 2015.

According to the LBB, there would be no significant fiscal cost to the state until fiscal year 2016. According to the THECB impact statement, first

biennium funding costs would be about \$12 million, with state general revenue commitments rapidly increasing in subsequent years. Once the

health science center was established, estimates are that the yearly general revenue commitment would exceed \$99 million.

The companion bill, SB 98 by Lucio, passed the Senate by 31-0 on April 8 and was reported favorably, as substituted, by the House Higher Education Committee on April 29, making it eligible to be considered in lieu of HB 65.

Similar bills, HB 83 by Martinez and HB 110 by Pena, which also would establish the new medical school in the Rio Grande Valley with the main campus located in Harlingen, were left pending in the Higher Education Committee.