

- SUBJECT:** Creating a license for limited services rural hospitals
- COMMITTEE:** Public Health — favorable, with amendment
- VOTE:** 10 ayes — S. Thompson, Wray, Allison, Frank, Guerra, Lucio, Ortega, Price, Sheffield, Zedler
- 0 nays
- 1 absent — Coleman
- SENATE VOTE:** On final passage, April 11 — 31-0, on Local and Uncontested Calendar
- WITNESSES:** No public hearing
- BACKGROUND:** Tax Code ch. 323 establishes the County Sales and Use Tax Act, which governs the administration of sales and use taxes in counties. Ch. 26 excludes certain city, county, and hospital districts' additional sales and use taxes from certain property tax assessment provisions.
- It has been suggested that the state should allow for the licensing of limited services rural hospitals in order to further federal efforts to ensure that individuals living in rural areas do not lose access to hospital care.
- DIGEST:** SB 1621, as amended, would create a new state hospital license for limited services rural hospitals, contingent on the federal government creating a payment program specifically for such hospitals.
- License.** Under the bill, a person would be allowed to establish, conduct, or maintain a limited services rural hospital only if:
- the U.S. Congress passed a bill that became law and created a payment program specifically for limited services rural hospitals or similarly designated hospitals; and
 - the Health and Human Services Commission (HHSC) issued a license to the person to established, conduct, or maintain such a

hospital.

The bill would define a "limited services rural hospital" as a general or special hospital that was licensed under the bill, located in a rural area, and designated by the Centers for Medicare and Medicaid Services as a critical access hospital, rural referral center, or sole community hospital. Such hospitals also would have to meet the requirements to be designated as a limited services rural hospital or similarly designated hospital under federal law for the purposes of the payment program.

If such a federal law was established, the executive commissioner of HHSC would be required to adopt rules implementing the bill's provisions and establishing minimum standards for facilities to qualify as limited services rural hospitals. These standards would have to be at least as stringent as the standards established in federal law.

In order to apply for a license under the bill, an applicant would have to submit an application for the license to HHSC and pay any required fee. The commission would be required to issue a license to act as a limited services rural hospital to an applicant if the applicant complied with the rules and standards adopted by HHSC.

HHSC would have the same enforcement authority over limited services rural hospitals as it has over other hospitals regulated under the Texas Hospital Licensing Law.

Licensing fees. The bill would require HHSC to establish and collect a fee for issuing and renewing a license under the bill. Such fees would have to be in an amount reasonable and necessary to cover the costs of administering and enforcing the bill's provisions.

Waivers. The bill would authorize HHSC by order to waive or modify the requirements of the bill or a standard adopted under it if the commission determined that the waiver or modification would facilitate the creation or operation of a limited services rural hospital and that the waiver or modification was in the best interests of the hospital's patients.

Midland County Hospital District. SB 1621, as amended, would authorize the Midland County Hospital District to adopt, change the rate of, or abolish a sales and use tax at an election held in the district. The bill would prohibit the district from adopting or increasing a tax if as a result the combined rate of all sales and use taxes in the district would exceed 2 percent. Revenue collected from a tax imposed under the bill could be used by the Midland County Hospital District for any purpose of the district authorized by law.

The bill would establish election procedures, a tax effective date, and other provisions governing the tax rate and a tax election of the district.

The bill would take effect September 1, 2019.

NOTES:

The committee amendment would allow the Midland County Hospital District to impose a sales and use tax and make other conforming changes in Special District Local Laws Code ch. 1061 and Tax Code ch. 26.