

## **BILL ANALYSIS**

Senate Research Center  
76R8644 KEL-F

H.B. 2070  
By: Gray (Jackson)  
Health Services  
5/12/1999  
Committee Report (Amended)

### **DIGEST**

Currently, managed care concepts such as HMOs have significantly altered the environment in which health care organizations operate. The University of Texas Medical Branch (UTMB) at Galveston, however, has difficulties operating effectively in this environment due to constraints placed upon it under current law. UTMB is the state's oldest and largest health sciences center. Additionally, it is the only one of the state's medical schools that owns and operates hospital facilities. While UTMB's annual operating expenses are approximately \$1 billion, the majority of these funds must be earned by UTMB through the provision of health care services. H.B. 2070 would set forth provisions regarding the administration and responsibilities of The University of Texas Medical Branch at Galveston.

### **PURPOSE**

As proposed, H.B. 2070 sets forth provisions regarding the administration and responsibilities of The University of Texas Medical Branch at Galveston.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the University of Texas Medical Branch at Galveston in SECTION 1 (Section 74.008, Chapter 74A, Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 74A, Education Code, by adding Sections 74.005, 74.006, 74.007, and 74.008, as follows:

Sec. 74.005. TREATMENT OF CERTAIN PATIENTS. Authorizes The University of Texas Medical Branch at Galveston (UTMB) to enter into one or more contracts with a county, public hospital, or hospital district to provide treatment to residents of the county or service area. Requires the liability of a county, public hospital, or hospital district under the contract to take into consideration the actual costs of UTMB in providing health care services pursuant to the contract, but in no event may the liability of a county, public hospital, or hospital exceed UTMB's costs, if a contract is entered into under this section. Requires UTMB to receive the approval of the appropriate county, public hospital, or hospital district before providing nonemergency health care services to the resident, if a contract to provide treatment to an eligible resident of a county or service area is not entered into under this section. Provides that if that approval is not received, the county, public hospital, or hospital district is not liable to UTMB for any nonemergency care provided to the resident. Provides that if approval is received, the county, public hospital, or hospital district is liable to UTMB under Subsection (d) for the services provided by UTMB to the resident. Prohibits the liability of a county, public hospital, or hospital district to UTMB for the treatment of eligible residents of the county or service area by UTMB from exceeding the responsibility of a county, unless agreed to by the county, public hospital, or hospital district in a contract to provide treatment to those residents that are entered into under this section. Provides that "eligible resident," "hospital district," "public hospital," and "service area" have the same meanings assigned those terms by Chapter 61, Health and Safety Code.

Sec. 74.006. SUFFICIENCY OF FUNDS. Requires UTMB to take any reasonable administrative or management action necessary to achieve the mission and strategic plan of UTMB within the total amount of funds received by UTMB from all sources.

Sec. 74.007. INCENTIVE RETIREMENT PLANS. Authorizes UTMB to offer incentive

retirement plans to employees of UTMB who elect to retire under other state law. Requires an incentive offered to an employee by UTMB to be paid from UTMB's funds or hospital clinic fees. Prohibits UTMB from rehiring an employee receiving a retirement incentive under this section without the specific approval of the president.

Sec. 74.008. ACQUISITION OF GOODS OR SERVICES. Sets forth the authorized acquisition of certain goods or services of UTMB using the method that provides the best value to UTMB. Sets forth the considerations of UTMB in determining what the best value to UTMB is. Authorizes the state auditor to audit purchases of goods or services by UTMB. Authorizes UTMB to adopt rules and procedures for the acquisition of goods or services. Provides that to the extent of any conflict, this section prevails over any other law relating to the purchasing of goods or services except a law relating to contracting with historically underutilized businesses or relating to the procurement of goods and services from persons with disabilities. Provides that this section does not apply to purchases of professional services subject to Chapter 2254, Government Code. Provides that Title 10D Government Code, does not apply to purchases of goods and services made under this section, except as otherwise provided by this section.

SECTION 2. Repealer: Chapter 74B, Education Code (Moody State School for Cerebral Palsied Children).

SECTION 3. (a) Effective date for SECTION 1: September 1, 1999.

(b) Effective date for SECTION 2: September 1, 2000.

(c) Requires that not later than January 1, 2000, UTMB, the Moody State School for Cerebral Palsied Children, and The University of Texas Medical Branch at Galveston Special School to discuss and enter into a memorandum of understanding relating to the transfer of property and other assests of the Moody State School for Cerebral Palsied Children and The University of Texas Medical Branch at Galveston Special School to UTMB and relating to the dissolution of the Moody State School for Cerebral Palsied Children and The University Medical Branch at Galveston Special School.

(d) Authorizes funding that could have been provided to the Moody State School for Cerebral Palsied Children and the University of Texas Medical Branch at Galveston Special School under Chapter 74B, Education Code, to be provided to UTMB, if UTMB performs the same duties as the Moody State School of Cerebral Palsied Children and The University of Texas Medical Branch at Galveston Special School performed before the repeal of Chapter 74B, Education Code.

SECTION 4. Emergency clause.