

BILL ANALYSIS

Senate Research Center
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H.B. 3771
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Intergovernmental Relations
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Engrossed

DIGEST

The Hospital District of Maverick County (district) was developed in 1965 by the 59th Legislature to deliver health care services to the people of Maverick County. Health care and its delivery system exist in an environment that changes rapidly. The district is now faced with an obligation to deliver services under authority no longer adequate to meet the needs of Maverick County. To remedy this situation the board of directors of the district has asked that its enabling statute be modified to improve the district's ability to fulfill its obligation to deliver health care services. H.B. 3771 would establish conditions regarding the name, powers, duties, and operations of the Maverick County Hospital District.

PURPOSE

As proposed, H.B. 3771 establishes conditions regarding the name, powers, duties, and operations of the Maverick County Hospital District.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the board of directors of the Maverick County Hospital District in SECTION 7 (Section 11(k), Chapter 172, Acts of the 59th Legislature, Regular Session, 1965) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the name of and references in the law to the Hospital District of Maverick County is changed to the Maverick County Hospital District.

SECTION 2. Amends Section 3, Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, to provide that the Maverick County Hospital District (district) is charged with the responsibility of undertaking any measure that the board of directors of the district (board) determines is necessary to provide hospital and medical care to the residents of the district. Deletes text regarding establishment of a hospital or a hospital district within its boundaries. Makes conforming changes.

SECTION 3. Amends Section 5, Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, to provide that the five members of the board are to be elected by the qualified electors of the district. Prohibits a person from serving on the board if the person fulfills certain conditions. Requires each year on the first Tuesday after the first Monday in November, rather than September, an election to be held for the purpose of electing the appropriate number of successor directors. Requires an elected director to serve for a four-year term. Establishes that a director shall serve until their successor is elected and qualified for the office. Requires the person appointed to have required qualifications. Provides that a majority of the members of the board constitutes a quorum for the transaction of business, and a concurrence of a majority of the directors voting is sufficient in any matter relating to the business of the district. Deletes text regarding a person who owns taxable property and has duly render the property for taxation; conditions regarding qualifications for a board member; the appointment of the first board by the commissioners court; and the election of the first board members. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 8(c), Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, to authorize the board to use proceeds from the tax for certain purposes including paying the indebtedness issued or assumed by the district. Makes conforming changes.

SECTION 5. Amends Sections 9(c) and (d), Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, to prohibit the board from issuing any bond which matures more than 50, rather than 40, years from

the date of issuance. Prohibits the board from issuing any general obligation bonds until a majority of the qualified electors of the district voting in an election for this purpose vote for the issuance of these bonds. Requires the board to canvass the returns and declare the results of the election. Makes conforming changes.

SECTION 6. Amends Section 10, Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, as follows:

Sec. 10. New heading: BONDS, ISSUANCE, AND REDEMPTION. Prohibits the board from issuing any general obligation bonds unless certain conditions exist. Sets forth conditions by which the district is authorized to issue revenue bonds. Requires the revenue bonds to be payable from and secured by a pledge of all or part of the district's revenues from operations of the hospital system. Requires the revenue bonds to be issued in accordance with certain sections of the Health and Safety Code, for the issuance of revenue bonds by county hospital authorities. Authorizes the district to issue refunding bonds to refund an outstanding indebtedness the district has issued or assumed. Requires the bonds to be issued in a specific manner. Authorizes the refunding bonds to be sold and the proceeds applied to the payment of outstanding indebtedness or to be exchanged in whole or in part for not less than a similar principal amount of outstanding indebtedness. Requires the refunding bonds to be issued and payments made in a specific manner. Provides that district bonds and indebtedness assumed by the district are legal and authorized investments for certain entities. Establishes entities for which the district bonds are eligible to secure deposits of public funds. Provides that the bonds are lawful and sufficient security for deposits to the extent of their value, if accompanied by all unmatured coupons. Establishes that the district is a public entity performing an essential public function, any transaction relating to the bonds and profit made in the sale of bonds are free from taxation. Deletes text regarding the issuance of bonds following an election in which the majority of those voting are for the levy of a tax; and interest on refund bonds.

SECTION 7. Amends Section 11, Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, as follows:

Sec. 7. (d) Requires the board to provide a copy of the annual independent audit at each public library, rather than the office of the comptroller of public accounts, located in the district not later than January 1, rather than December 1, of each year.

(e) Provides that the board may authorize the appointment, engagement, or employment of certain individuals.

(f) Provides that the person appointed under this section serves at the will of the board and is subject to the rules adopted by the board.

(g) Authorizes the board to require that, before assuming the duties as administrator, a person shall execute a bond payable to the district of not less than \$10,000, conditioned on faithful performance of the person's duties as administrator. Authorizes the board to pay for the bond with district funds.

(i) Authorizes the board to enter into any contract with a municipality or other political subdivision or with a state or federal agency to provide hospital and medical care for needy persons who reside outside the district.

(j) Sets forth requirements required by the board regarding reimbursements.

(k) Authorizes the board to appoint to or remove a physician from the staff of any hospital or hospital system that is a component of the district's operations as the board considers necessary for the efficient operation of the district. Authorizes the board to adopt rules relating to the method of appointing or removing members of the medical staff.

(l) Authorizes the board to recruit and retain certain personnel through certain programs.

(m) Authorizes the board to provide retirement benefits for employees of the district through certain programs or systems.

- (n) Authorizes the board to determine the type and extent of hospital and medical care services offered by the district.
- (o) Authorizes the board to lease or acquire property, facilities, or equipment for the use of the district and may mortgage or pledge those entities as security for the payment of the purchase price.
- (p) Authorizes the board to sell, lease, or otherwise dispose of property, facilities, or equipment on behalf of the district. Requires sale or disposal of the entities to be at a public sale and at a price and on the terms the board determines are most advantageous to the district. Authorizes the board to donate surplus personal property or equipment to another government entity or to any charitable organization.
- (q) Authorizes the board to enter into construction contracts on behalf of the district. Sets forth conditions that requires competitive bidding for contracts.
- (r) Authorizes the board to enter into operating or management contracts with respect to any of the hospital services or medical care that the district may provide.
- (s) Authorizes the board to facilitate achievement of the purpose of the district by creating a charitable organization to provide or arrange for certain hospital and health care related services to provide for certain support services for the district. Provides that a charitable organization created by the board is a unit of local government.
- (t) Authorizes the board to sponsor and create a nonprofit corporation and to contribute funds to or solicit funds for the corporation. Authorizes the corporation to use funds only to provide health care and other services provided under this Act. Requires the board to establish adequate controls to ensure that the corporation uses its funds as required. Authorizes the corporation to invest corporation funds in any manner in which the district may invest funds.
- (u) Defines “charitable organization.” Deletes text regarding the employment of certain personnel. Makes conforming changes.

SECTION 8. Amends Section 12, Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, by amending Subsections (b) and (d) and by adding Subsection (e), to require the administrator, rather than the board, to prepare a proposed budget. Entitles any resident of the district to appear at the hearing and be heard with reference to any item in the proposed budget. Requires the board to adopt a budget for the district that includes any changes to the administrator’s proposed budget that the board determines are in the best interest of the district. Makes conforming changes.

SECTION 9. Amends Sections 13(c)-(g), Chapter 172, Acts of the 59th Legislature, Regular Session, 1965, to require the board to order the patient or his relatives to pay to the district, rather than the treasurer, each week an amount specified in the order. Authorizes the administrator, rather than the district, to collect this amount from the estate of the of the patient, or liable relatives, in the manner provided by law for the collection of expenses of the last illness of a deceased person. Provides that if the district, rather than the investigator, finds that neither the patient, or liable relative is able to pay for the care, the expense care becomes a charge on the district. Authorizes a party who is not satisfied with the result of the order to appeal to the district court, and the substantial evidence rule applies to that appeal. Deletes text regarding doubt in the mind of the investigator; and the appeal.

SECTION 10. Makes application of this Act prospective.

SECTION 11. Sets forth provisions regarding the application of this Act as it relates to the term of a director on the board.

SECTION 12. Emergency clause.
Effective date: upon passage.