

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1198
By: Moncrief
Health Services
3/24/1999
Committee Report (Substituted)

DIGEST

Currently, Texas law does not require certain convalescent and nursing homes to execute a surety bond. C.S.S.B.1198 requires certain convalescent and nursing homes to execute a surety bond.

PURPOSE

As proposed, C.S.S.B.1198 requires certain convalescent and nursing homes to execute a surety bond.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Board of Health in SECTION 1 (Section 242.0325(c), Chapter 242B, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 242, Health and Safety Code, by adding Section 242.0325, as follows:

Sec. 242.0325. SURETY BOND REQUIREMENT. Requires each institution to execute a surety bond issued by a surety company authorized to do business in this state as a condition of obtaining or renewing a licensed providing there are two or more companies willing to provide these services to the above institutions, if three or more institutions that are licensed or required to be licensed under this chapter are owned by the same owner or controlled by the same person. Requires the bond to be payable to the Texas Department of Health (department) and conditioned on the institution's compliance with this chapter and rules adopted under this chapter. Requires the Texas Board of Health (board) to set the amounts of bonds under this section according to a schedule adopted by rule. Requires the board to schedule the amount based on the number of residents in an institution and on the costs incurred by the department when it is necessary to close an institution, arrange for the placement of a trustee, transfer residents, or take other regulatory actions in connection with a violation of this chapter or rules adopted under this chapter. Requires the department on behalf of the board to attempt to engage in negotiated rulemaking to assist the board in drafting the proposed rule by following the procedures prescribed by Chapter 2008, Government Code, as added by Chapter 1315, Acts of the 75th Legislature, Regular Session, 1997.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 242.0325, Health and Safety Code, by amending Subsection (a) and (c) and adding Subsection (d), to require each institution to execute a surety bond issued by a surety company authorized to do business in this state as a condition of obtaining or renewing a licensed providing there are two or more companies willing to provide these services to the above institutions, if three or more institutions that are licensed or required to be licensed under this chapter are owned by the same owner or controlled by the same person. Require the board to set the amounts of bonds under this section according to a schedule adopted by rule. Requires the board to schedule the amounts based on the number of residents in an institution and on the costs

incurred by the department when it is necessary to close an institution, arrange for the placement of a trustee, transfer residents, or take other regulatory actions in connection with a violation of this chapter or rules adopted under this chapter. Requires the department on behalf of the board to attempt to engage in negotiated rulemaking to assist the board in drafting the proposed rule by following the procedures prescribed by Chapter 2008, Government Code. Deletes text requiring the board to set the amount of the bond by rule. Deletes text requiring the board to determine the amount based on the costs incurred by the department when it is necessary to close an institution, arrange for the placement of a trustee, transfer residents, or take other regulatory actions in connection with a violation of this chapter or rules adopted under this chapter.