

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1615
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State Affairs
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Committee Report (Substituted)

DIGEST

Currently, counties with a hospital district or public hospital provide care to indigent persons. These hospital districts may receive additional compensation for indigent health care services through the shared hospital program which is established under Medicaid and provides federal funds to match state and local expenditures. Counties without a hospital district or public hospital must provide care to indigent patients and pay the cost of this care from the general revenue. This can be problematic for counties with many low-income residents since the tax base is lower and the county has no opportunity to recoup any of the cost of indigent health care. C.S.S.B. 1615 would authorize county and hospital districts to pool resources in providing health care for indigent residents through the creation of a health services district.

PURPOSE

As proposed, C.S.S.B. 1615 creates health services districts and grants the power of eminent domain and the authority to issue bonds.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the board of directors of a health services district in SECTION 1 (Sections 287.074, and 287.081(f) Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4D, Health and Safety Code, by adding Chapter 287, as follows:

CHAPTER 287. HEALTH SERVICES DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 287.001. DEFINITIONS. Defines "board," "district," and director."

Sec. 287.002. DISTRICT AUTHORIZATION. Authorizes a health services district (district) to be created and established and, if created, must be maintained, operated, and financed in the manner provided by this chapter.

SUBCHAPTER B. CREATION OF DISTRICT

Sec. 287.021. CREATION BY CONCURRENT ORDERS. Authorizes a county or hospital district and one or more other counties or hospital districts to create a district by adopting concurrent orders. Prohibits a county or portion of a county that is in the boundaries of a hospital district from being a party to the creation of a district or to a contract with a health services district. Authorizes the hospital district that serves the county or portion of the county to create and contract with the district for the boundaries of the hospital district. Sets forth requirements for a concurrent order to create a health services district. Requires a concurrent order to create a health services district adopted by a hospital for which the tax rate is set by the commissioners court of the county in which the hospital district operates to be approved by the commissioners court of that county.

Sec. 287.022. CONTRACT TERMS. Sets forth the terms of the contract for a county or hospital district. Provides that Chapter 791, Government Code, does not apply to a contract made under this chapter.

Sec. 287.023. PURPOSE AND DUTIES. Sets forth the purpose and powers of the district. Authorizes a district to take certain actions.

Sec. 287.024. FUNDING. Requires each county or hospital district that contracts with the district to contribute certain funds for its operation. Requires the district to maintain an accounting of the funds received from each county or hospital district that contracts with the district. Authorizes the district to administer the financial contributions of all parties to the contract for district purposes.

SUBCHAPTER C. DISTRICT ADMINISTRATION

Sec. 287.041. BOARD OF DIRECTORS. Sets forth requirements for the board of directors of the district (board).

Sec. 287.042. QUALIFICATIONS FOR OFFICE. Requires a person to be a resident of the county or hospital district to be eligible to serve as a director. Prohibits an employee of the district from serving as a director.

Sec. 287.043. BOND. Requires each director to execute a bond for \$5,000 payable to the district, conditioned on the faithful performance of the person's duties as director, before assuming the duties of the office. Requires the bond to be kept in the permanent records of the district. Authorizes the board to pay for directors' bonds with district funds.

Sec. 287.044. BOARD VACANCY. Requires a vacancy in the office of director to be filled for the unexpired term in the same manner as the original appointment.

Sec. 287.045. OFFICERS. Requires the board to elect from among its members a president and a vice president. Requires the board to appoint a secretary who need not be a director.

Sec. 287.046. OFFICERS' TERMS; VACANCY. Requires each officer of the board to serve for a term of one year. Requires the board to fill a vacancy in a board office for the unexpired term.

Sec. 287.047. COMPENSATION. Provides that directors and officers serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties. Sets forth requirements for expenses reimbursed under this section.

Sec. 287.048. VOTING REQUIREMENT. Requires a majority for the members of the board voting to concur in a matter relating to the business of the district.

Sec. 287.049. ADMINISTRATOR AND ADDITIONAL STAFF. Sets forth requirements for an administrator and additional staff.

Sec. 287.050. APPOINTMENTS TO STAFF. Authorizes the board to appoint certain staff.

Sec. 287.051. TECHNICIANS, NURSES, AND OTHER DISTRICT EMPLOYEES. Authorizes the district to employ technicians, nurses, and other necessary employees. Authorizes the board to delegate to the administrator the authority to employ persons for the district.

Sec. 287.052. GENERAL DUTIES OF ADMINISTRATOR. Requires the administrator to supervise and direct the district.

Sec. 287.053. RETIREMENT BENEFITS. Authorizes the board to provide retirement benefits for employees of the district by taking certain actions.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 287.071. RESPONSIBILITY OF GOVERNMENTAL ENTITY. Provides that on creation of a district, a county or hospital district that creates the district may transfer to the district certain items.

Sec. 287.072. DISTRICT RESPONSIBILITIES. Provides that the district assumes the duties required under Section 287.023 and any additional duties specified in the contract with the

counties and hospital districts that created the district.

Sec. 287.073. MANAGEMENT, CONTROL, AND ADMINISTRATION. Requires the board to manage, control, and administer the health care system and the funds and resources of the district that are transferred under Section 287.071.

Sec. 287.074. DISTRICT RULES. Authorizes the board to adopt rules governing the operation of the district and the duties, functions, and responsibilities of the district staff and employees.

Sec. 287.075. METHODS AND PROCEDURES. Authorizes the board to prescribe certain methods and procedures for operation of the district.

Sec. 287.076. HEALTH CARE PROPERTY, FACILITIES, AND EQUIPMENT. Requires the board to determine certain information. Authorizes the board to take certain actions.

Sec. 287.077. CONSTRUCTION CONTRACTS. Sets forth requirements for the board regarding construction contracts.

Sec. 287.078. DISTRICT OPERATING AND MANAGEMENT CONTRACTS. Authorizes the board to enter into operating or management contracts relating to health care facilities owned by the district or for which the district assumes responsibility for managing and operating under the terms of the contract with the counties and hospital districts that created the district.

Sec. 287.079. EMINENT DOMAIN. Authorizes the district to exercise the power of eminent domain. Requires the district to exercise the power of eminent domain in the manner provided by Chapter 21, Property Code, but the district is not required to deposit in the trial court money or a bond as provided by Section 21.021(a), Property Code. Provides that the district is not required to take certain actions in a condemnation proceeding brought by a district.

Sec. 287.080. EXPENSES FOR MOVING FACILITIES OF RAILROADS OR UTILITIES. Requires the district to bear the actual cost of certain items, if in exercising the power of eminent domain the board requires certain construction.

Sec. 287.081. PAYMENT FOR HEALTH CARE SERVICES. Requires the district without charge to supply to a patient residing in the district the care and treatment that the patient or a relative of the patient cannot pay. Requires the district to adopt an application procedure to determine eligibility for assistance that complies with Section 61.053. Authorizes the administrator of the district to have an inquiry made into the financial circumstances of certain persons. Authorizes the board to adopt a sliding-fee scale for health care services provided to a patient who can pay for some, but not all, of the care and treatment provided by the district. Authorizes a county that created and contracted with the district to credit a district expenditure for the care and treatment of an eligible county resident to the same extent and in the same manner the county would be able to claim the expenditure under Chapter 61 if the county made the expenditure. Requires the board to adopt rules regarding the collection of money that is owed to the district for certain health services.

Sec. 287.082. REIMBURSEMENT FOR SERVICES. Sets forth requirements for the board to be reimbursed for certain services. Authorizes the board to contract with a state or federal agency or political subdivision of the state to provide health care services.

Sec. 287.083. SERVICE CONTRACTS. Authorizes the board to contract with a municipality, county, special district, or other political subdivision of the state or with a state or federal agency for the district to take certain actions.

Sec. 287.084. GIFTS AND ENDOWMENT. Authorizes the board to accept gifts and endowments to be held in trust for certain purposes.

Sec. 287.085. AUTHORITY TO SUE AND BE SUED. Authorizes the board to sue and be sued on behalf of the district.

SUBCHAPTER E. DISSOLUTION OF DISTRICT

Sec. 287.101. DISSOLUTION. Set forth the conditions under which the district shall be dissolved.

Sec. 287.102. TRANSFER OF ASSETS AFTER DISSOLUTION. Requires the board to take certain actions if the district is dissolved. Provides that the county or hospital district assumed all debts and obligations of the district related to certain items, if the district transfers its land, buildings, improvements, equipment, and other assets to a county or hospital district.

Sec. 287.103. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS AFTER DISSOLUTION. Sets forth requirements for the administration of property, debts, and assets after dissolution.

Sec. 287.104. ACCOUNTING. Requires the board to provide an accounting to each county and hospital district that created and contracted with the district, after the district has paid all its debts and has disposed of all its funds.

SUBCHAPTER F. DISTRICT FINANCES

Sec. 287.121. FISCAL YEAR. Provides that the district operates on the fiscal year established by the board. Prohibits the fiscal year from being changed if revenue bonds of the district are outstanding or more than once in a 24-month period.

Sec. 287.122. ANNUAL AUDIT. Requires the board annually to have an audit made of the financial condition of the district. Requires a copy of the audit to be provided to certain districts and agencies.

Sec. 287.123. DISTRICT AUDIT AND RECORDS. Provides that the annual audit and other district records are open to inspection during regular business hours at the principal office of the district.

Sec. 287.124. ANNUAL BUDGET. Requires the administrator of the district to prepare a proposed annual budget for the district. Requires the proposed budget to contain a complete financial statement, including certain items.

Sec. 287.125. NOTICE; HEARING; ADOPTION OF BUDGET. Set forth requirements for a notice, hearing, and adoption of budget.

Sec. 287.126. AMENDING BUDGET. Authorizes the annual budget to be amended on the board's approval, after adoption.

Sec. 287.127. LIMITATION OF EXPENDITURES. Prohibits money from being spent for an expense not included in the annual budget or an amendment to it.

Sec. 287.128. SWORN STATEMENT. Requires the administrator to prepare for the board a sworn statement of the amount of money that belongs to the district and an account of the disbursements of that money, as soon as practicable after the close of the fiscal year.

Sec. 287.129. SPENDING AND INVESTMENT LIMITATIONS. Sets forth certain limitations on district spending and investments.

Sec. 287.130. DEPOSITORY. Requires the board to name at least one bank to serve as depository for district funds. Sets forth requirements for depositing funds.

Sec. 287.131. AD VALOREM TAXATION. Prohibits the district from imposing an ad valorem tax.

SUBCHAPTER G. BONDS

Sec. 287.141. GENERAL OBLIGATION BONDS. Prohibits a district from issuing general obligation bonds.

Sec. 287.142. REVENUE BONDS. Authorizes the board to issue revenue bonds. Sets forth requirements for the bonds. Requires revenue derived from the operation of the district and pledged to the repayment of revenue bonds issued by the district to be used to repay the principal and interest owed on the bonds before being used to repay any other obligation of the district, including money owed to physicians who are employed by or who contract with the district.

Sec. 287.143. REFUNDING BONDS. Authorizes the refunding bonds of the district to be issued to refund an outstanding indebtedness the district has issued or assumed. Requires the bonds to be issued in the manner provided by Chapter 784, Acts of the 61st Legislature, Regular Session, 1969. Authorizes the refunding bonds to be sold and the proceeds applied to the payment of outstanding indebtedness or may 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 manner provided by Chapter 503, Acts of the 54th Legislature, Regular Session, 1955.

Sec. 287.144. INTEREST AND MATURITY. Requires district bonds to mature not later than a certain date and to bear interest at a rate not to exceed that provided by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969.

Sec. 287.145. EXECUTION OF BONDS. Requires the president of the board to execute the bonds in the name of the district, and the secretary of the board to countersign the bonds in the manner provided by the Texas Uniform Facsimile Signature of Public Officials Act.

Sec. 287.146. APPROVAL AND REGISTRATION OF BONDS. Provides that district bonds are subject to the same requirements with regard to approval by the attorney general and registration by the comptroller as the law provides for approval and registration of bonds issued by counties. Provides that the bonds are incontestable for any cause, on approval by the attorney general and registration by the comptroller.

Sec. 287.147. BONDS AS INVESTMENTS. Provides that district bonds and indebtedness assumed by the district are legal and authorized investments for certain entities and persons.

Sec. 287.148. BONDS AS SECURITY FOR DEPOSITS. Provides that district bonds are eligible to secure deposits of public funds of the state and of municipalities, counties, school districts, and other political subdivisions of the state. Provides that the bonds are lawful and sufficient security for deposits to the extent of their value if accompanied by all unmatured coupons.

Sec. 287.149. TAX STATUS OF BONDS. Provides that because the district created under this chapter is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are free from taxation by the state or by any municipality, county, special district, or other political subdivision of the state.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 287.021, Health and Safety Code, by adding a new heading. Authorizes a county or hospital district and one or more other counties or hospital districts, rather than two or more political subdivision, to create a district by adopting concurrent orders. Prohibits a county or portion of a county that is in the boundaries of a hospital district from being a party to the creation of a district or to a contract with a health services district. Requires a concurrent order to create a health services district to take certain actions. Requires a concurrent order to create a health services district adopted by a hospital for which the tax rate is set by the commissioners court of the county in which the hospital district operates to be approved by the commissioners court of that county. Deletes text regarding service area. Makes conforming changes.

Amends Section 287.022, Health and Safety Code, to set forth the terms of the contract for a county or hospital district. Makes conforming changes.

Amends Section 287.023, Health and Safety Code, to set forth the purpose and powers of the district. Authorizes a district to take certain actions. Makes conforming changes.

Amends Section 287.024, Health and Safety Code, to require each county or hospital district that contracts with the district to contribute certain funds for its operation. Makes a conforming change.

Amends Section 287.041, Health and Safety Code, to revise composition of the board of directors.

Amends Section 287.042, Health and Safety Code, to require a person to be a resident of the county or hospital district to be eligible to serve as a director. Deletes text regarding political subdivision.

Amends Section 287.049, Health and Safety Code, by adding a new heading. Sets forth requirements for an administrator and additional staff. Deletes text regarding assistant administrator and attorney.

Amends Section 287.071, Health and Safety Code, to provide that on creation of a district, a county or hospital district that creates the district may, rather than shall, transfer to the district certain items. Makes conforming changes.

Amends Section 287.072, Health and Safety Code, to make a conforming change.

Amends Section 287.073, Health and Safety Code, to require the board to manage, control, and administer the health care system and the funds and resources of the district that are transferred under Section 287.071.

Amends Section 287.076, Health and Safety Code, by adding a new heading. Requires the board to determine certain information. Authorizes the board to take certain actions. Makes conforming changes.

Amends Section 287.077, Health and Safety Code, to make conforming changes.

Amends Section 287.081, Health and Safety Code, to authorize a county that created and contracted with the district to credit a district expenditure for the care and treatment of an eligible county resident to the same extent and in the same manner the county would be able to claim the expenditure under Chapter 61 if the county made the expenditure. Requires the board to adopt rules regarding the collection of money that is owed to the district for certain health services. Deletes text requiring the administrator to report to the board if it finds that a patient or a relative of the patient can afford to pay for any part of the treatment. Deletes text regarding a dispute relating to an individual's ability to pay.

Amends Section 287.082, Health and Safety Code, to set forth requirements for the board to be reimbursed for certain services. Authorizes the board to contract with a state or federal agency or political subdivision of the state to provide health care services. Deletes text authorizing the board to contract with the state or federal government for reimbursement.

Amends Section 287.101, Health and Safety Code, to set forth the requirement for the dissolution of the district.

Amends Section 287.102, Health and Safety Code, to provide that the county or hospital district assumed all debts and obligations of the district related to certain items, if the district transfers its land, buildings, improvements, equipment, and other assets to a county or hospital district. Deletes text regarding governmental entities. Makes conforming changes.

Amends Section 287.103, Health and Safety Code, to make a conforming change.

Amends Section 287.104, Health and Safety Code, to make a conforming change.

Amends Section 287.122, Health and Safety Code, to require a copy of the audit to be provided to certain districts and agencies.

Amends Section 287.142, Health and Safety Code, to require revenue derived from the operation of the district and pledged to the repayment of revenue bonds issued by the district to be used to repay the principal and interest owed on the bonds before being used to repay any other obligation of the district, including money owed to physicians who are employed by or who contract with the district.