

BILL ANALYSIS

Senate Research Center

H.B. 393
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Health & Human Services
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Engrossed

DIGEST AND PURPOSE

Many nonprofit hospitals, health maintenance organizations, and health insurers are converting to for-profit or mutual corporations or transferring their assets to another nonprofit. Under the current law, a nonprofit health care organization is obligated to dedicate its assets to an entity that is dedicated to similar purposes. The attorney general is responsible for protecting charitable trusts, gifts, and entities and for ensuring that nonprofits are used for their dedicated purpose and not for individual gain. However, nonprofit organizations are not currently required to inform the attorney general when considering whether to sell or change their nonprofit status. H.B. 393 establishes provisions to ensure that charitable health care organizations continue to serve the public's health care needs, especially the needs of uninsured or underinsured individuals.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. PURPOSE AND FINDINGS. Sets forth legislative findings regarding nonprofit health care providers meeting the health care needs in this state.

SECTION 2. SHORT TITLE. Authorizes this Act to be cited as the Charitable Health Care Trust Act.

SECTION 3. DEFINITIONS. Defines "charitable health care organization," "for-profit entity," "health benefit plan provider," "health care provider," "mutual plan provider," and "nonprofit provider."

SECTION 4. DUTIES OF NONPROFIT PROVIDER. Sets forth duties of a nonprofit provider in complying with this Act. Sets forth situations in which certain sections of this Act do or do not apply, and information concerning the application of certain sections of this Act.

SECTION 5. CHARITABLE HEALTH CARE ASSETS. Sets forth provisions regarding the appraisal and use of assets belonging to a nonprofit provider.

SECTION 6. NOTICE OF AGREEMENT OR TRANSACTION. Sets forth provisions regarding notice of an agreement or transaction by a nonprofit provider.

SECTION 7. PUBLICATION OF NOTICE. Sets forth provisions regarding the publication of notice of an agreement or transaction by a nonprofit provider.

SECTION 8. PUBLIC MEETING. Sets forth provisions regarding a nonprofit provider holding a public meeting and soliciting public comment.

SECTION 9. ENFORCEMENT BY ATTORNEY GENERAL'S OFFICE. Sets forth provisions

regarding enforcement of the provisions relating to a nonprofit provider entering into an agreement or transaction by the office of the attorney general.

SECTION 10. EFFECTIVE DATE. Effective date: September 1, 2001.

SECTION 11. TRANSITION. (a) Provides that this Act applies only to: an agreement described by Section 4 of this Act that is entered into on or after September 1, 2001; or a transaction described by Section 4 of this Act that is made pursuant to an agreement entered into on or after September 1, 2001.

(b) Provides that an agreement described by Section 4 of this Act that is entered into before September 1, 2001, and a transaction described by Section 4 of this Act that is made under an agreement entered into before September 1, 2001, are governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.