

## BILL ANALYSIS

Senate Research Center  
79R8768 KEL-D

H.B. 2162  
By: Branch (Shapiro)  
Education  
5/18/2005  
Engrossed

### AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Before January 2005, all health related institutions owning hospitals in Texas received general revenue (funds) for their hospital operations. As such, the proportionality calculation of the institution's group insurance and benefits paid by the state – based on the proportion of general revenue to total educational and general funds used for salaries – includes fees generated at these state-owned hospitals.

There are some health-related institutions that *own* hospitals, which operate entirely from their own fees, since the institution receives no general revenue for hospital operations. Under current law, fees generated at these hospitals, which are not generated with state support, would be included in the proportionality calculations to determine the portion of group insurance and benefits costs to be paid by the state. This reduces the proportion or percentage of general revenue in the total funds received by the institution. In essence, applied to this new situation, current law negatively impacts the Institution and could provide a major disincentive for institutions to acquire hospitals, even if it were at no new cost to the state and in the best interest of the state, students, and Texas patients.

H.B. 2162 amends the Education Code to address this situation in order to be consistent with other current hospital arrangements. Without this change, any health-related institution that acquires a hospital or clinic in the future, at no new cost to the state and at no financial benefit to the institution, would be penalized. If the institution owning the hospital were ever to begin receiving funds for hospital operations, then hospital fees would be considered educational and general funds and revert back into the proportionality calculation - as is current law.

### 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. Amends Section 51.009, Education Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Requires hospital and clinic fees received by a state-owned clinical care facility that is operated using general revenue fund appropriations to be accounted for as educational and general funds. Makes a conforming change.

(d) Prohibits hospital and clinic fees received by a clinical care facility, other than a facility described by Subsection (c)(2), that is administered by an institution of higher education from being treated as a source of financing from outside general revenue fund appropriations in reference to a requirement in the General Appropriations Act that salaries, wages, and benefits of the employees of the institution be paid in proportion to the source of the funds from which the salary, wages, and benefits are paid.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.