

BILL ANALYSIS

Senate Research Center

C.S.H.B. 2168
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Intergovernmental Relations
5/3/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Municipal and county hospital authorities are authorized by law to construct and operate hospitals for the benefit of the public. The growing trend in health care is for hospitals to enter into joint ventures with physicians to own and operate ancillary health care facilities, such as day surgery centers or imaging centers. However, under current law, municipal and county hospitals authorities are not allowed to form or sponsor nonprofit corporations, making those hospitals less competitive.

C.S.H.B. 2168 authorizes hospital authorities and districts to use innovative methods to deliver health care services by allowing a district or an authority to create a nonprofit corporation and to own and operate an ancillary health care facility.

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 Subchapter C, Chapter 262, Health and Safety Code, by adding Sections 262.037 and 262.038, as follows:

Sec. 262.037. ESTABLISHMENT OF NONPROFIT CORPORATION. (a) Authorizes a hospital authority created under this chapter (Municipal Hospital Authorities) (municipal hospital authority) to form and sponsor a nonprofit corporation under the Texas Nonprofit Corporation Law, as described by Section 1.008, Business Organization Code, to own and operate all or part of one or more ancillary health care facilities consistent with the purposes of a municipal hospital authority under this chapter.

(b) Requires the board of directors of a municipal hospital authority to appoint the board of directors of a nonprofit corporation formed under this section.

(c) Authorizes the municipal hospital authority to contribute money to or solicit money for the nonprofit corporation. Requires the municipal hospital authority to establish procedures and controls sufficient to ensure that the money is used by the corporation for public purposes if the authority contributes money to or solicits money for the corporation.

(d) Provides that a nonprofit corporation formed under this section has the same powers as a development corporation under Section 221.030 (Corporations General Powers).

(e) Requires a nonprofit corporation formed under this section to comply with Chapter 2258 (Prevailing Wage Rates), Government Code, in the same manner and to the same extent that the municipal hospital authority is required to comply with that chapter.

Sec. 262.038. HOSPITAL AUTHORITY CONTRACTS, COLLABORATIONS, AND JOINT VENTURES. Authorizes the municipal hospital authority, directly or through any nonprofit corporation formed by the municipal hospital authority, to contract,

collaborate, or enter into a joint venture with any public or private entity as necessary to carry out the functions of or provide services to the municipal hospital authority.

SECTION 2. Amends Subchapter C, Chapter 264, Health and Safety Code, by adding Sections 264.035 and 264.036, as follows:

Sec. 264.035. ESTABLISHMENT OF NONPROFIT CORPORATION. (a) Authorizes a hospital authority created under this chapter (County Hospital Authorities) (county hospital authority) to form and sponsor a nonprofit corporation under the Texas Nonprofit Corporation Law, as described by Section 1.008, Business Organizations Code, to own and operate all or part of one or more ancillary health care facilities consistent with the purposes of a county hospital authority under this chapter.

(b) Requires the board of directors of a county hospital authority to appoint the board of directors of a nonprofit corporation formed under this section.

(c) Authorizes the county hospital authority to contribute money to or solicit money for the nonprofit corporation. Requires the county hospital authority to establish procedures and controls sufficient to ensure that the money is used by the corporation for public purposes if the county hospital authority contributes or solicits money for the corporation.

(d) Provides that a nonprofit corporation formed under this section has the same powers as a development corporation under Section 221.030.

(e) Requires a nonprofit corporation formed under this section to comply with Chapter 2258 (Prevailing Wage Rates), Government Code, in the same manner and to the same extent that the county hospital authority is required to comply with that chapter.

Sec. 262.038. HOSPITAL AUTHORITY CONTRACTS, COLLABORATIONS, AND JOINT VENTURES. Authorizes the county hospital authority, directly or through any nonprofit corporation formed by the county hospital authority, to contract, collaborate, or enter into a joint venture with any public or private entity as necessary to carry out the functions of or provide services to the county hospital authority.

SECTION 3. Amends Section 285.091(a), Health and Safety Code, to authorize a hospital district created under general or special law, directly or through a nonprofit corporation created or formed by the district, to contract, collaborate, or enter into a joint venture with any public or private entity as necessary to carry out the functions of or provide services to the district, rather than to form or carry out the functions of or provide services to an intergovernmental initiative under Section 16B, Article 4413(502), Revised Statutes.

SECTION 4. Amends Chapter 285, Health and Safety Code, by adding Subchapter O, as follows:

SUBCHAPTER O. NONPROFIT CORPORATION CREATED OR FORMED BY DISTRICT

Sec. 285.301. ESTABLISHMENT OF NONPROFIT CORPORATION. (a) Authorizes a hospital district created under general or special law to form and sponsor a nonprofit corporation under the Texas Nonprofit Corporation Law, as described by Section 1.008, Business Organizations Code, to own and operate all or part of one or more ancillary health care facilities consistent with the purposes of the district.

(b) Requires the governing board of the hospital district to appoint the board of directors of a nonprofit corporation formed under this section.

(c) Authorizes the hospital district to contribute money to or solicit money for the nonprofit corporation. Requires the hospital district to establish procedures and

controls sufficient to ensure that the money is used by the corporation for public purposes if the hospital district contributes or solicits money for the corporation.

(d) Provides that a nonprofit corporation formed under this section has the same powers as a development corporation under Section 221.030 (Corporation's General Powers).

Sec. 285.302. COMPLIANCE BY NONPROFIT CORPORATION WITH CERTAIN LAWS. Requires a nonprofit corporation created or formed under this subchapter or other law by a hospital district that is created under general or special law to comply with Chapter 2258, Government Code, in the same manner and to the same extent that the hospital district that created or formed the corporation is required to comply with that chapter.

SECTION 5. Effective date: upon passage or September 1, 2007.