

## **BILL ANALYSIS**

Senate Research Center  
81R7673 TJS-F

S.B. 2278  
By: Ellis  
Health & Human Services  
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As Filed

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

S.B. 2278 will increase oversight and provide more uniform requirements to nonprofit hospitals receiving tax benefits for serving indigent patients. S.B. 2278 requires more transparency, mandates more contributions to charity care, and provides stricter guidelines for computation of charity care and computation of community benefit.

As proposed, S.B. 2278 requires nonprofit hospitals to spend 10 percent of annual patient revenue or operating expenses, whichever is more, on charity care. S.B. 2278 also prohibits bad debt, shortfalls from Medicaid, Medicare, and Tricare, and contract agreements with insurance companies from being defined as charity care. The bill requires that hospitals release charge masters and requires that hospitals use the Centers for Disease Control and Prevention's *Community Guide to Preventive Services* as a guide for providing community benefit.

[**Note:** While the statutory reference in this bill is to the Texas Department of Health (TDH), the following amendments effect the Department of Aging and Disability Services, as the successor agency to TDH.]

### **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 311.031(16), Health and Safety Code, to redefine "unreimbursed costs." Deletes existing text defining "costs."

SECTION 2. Amends Section 311.033(a), Health and Safety Code, to require a hospital to submit to the Texas Department of Health (TDH) financial and utilization data for that hospital, including data relating to the hospital's total gross revenue, including disproportionate share hospitals payment program revenue; upper payment limit supplemental payment program revenue; tobacco settlement proceeds; and federal grant funding, including payments made for care for undocumented persons and total deductions from gross revenue, including the hospital's charge description master or charge master.

SECTION 3. Amends Section 311.042(2), Health and Safety Code, to redefine "community benefits."

SECTION 4. Amends Section 311.045(b)(1), Health and Safety Code, as follows:

- (1) Authorizes a nonprofit hospital or hospital system to elect to provide community benefits, which include charity care and government-sponsored indigent health care, according to any of certain standards, including charity care and community benefits provided in a combined amount equal to at least 10 percent, rather than five percent, of the hospital's or hospital system's net patient revenue, provided that charity care and government-sponsored indigent health care are provided in an amount equal to at least eight percent, rather than four percent, of net patient revenue.

SECTION 5. Effective date: September 1, 2009.