

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1568
By: Coleman (Gallegos)
Intergovernmental Relations
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The corporate practice of medicine generally restricts the direct employment of physicians by non-physician entities. It is unclear, however, as to how this applies to certain government entities. Current law allows nonprofit medical schools, federally qualified health centers, and certain nonprofit corporations to employ physicians. Moreover, legislation passed last session provided that the Dallas County Hospital District could engage in the direct employment of physicians.

C.S.H.B. 1568 clarifies the ability of the Harris County Hospital District (district) to directly employ physicians. This bill provides that the board of the district may appoint, contract for, or employ physicians as the board considers necessary for the efficient operation of the district. The alternative to directly hiring physicians would be to create a 501(a) physician corporation that would contract with the district for the provision of physician services. This, however, would cost taxpayers millions of dollars in duplicative administration costs.

C.S.H.B. 1568 amends current law relating to the authority of certain local governmental entities in certain populous counties to appoint, contract for, or employ physicians.

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 B, Chapter 281, Health and Safety Code, by adding Section 281.0283, as follows:

Sec. 281.0283. HARRIS COUNTY HOSPITAL DISTRICT; EMPLOYMENT OF PHYSICIANS. (a) Authorizes the board of the Harris County Hospital District (board; district) to appoint, contract for, or employ physicians as the board considers necessary for the efficient operation of the district.

(b) Prohibits the term of an employment contract entered into under this section from exceeding four years.

(c) Prohibits this section from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code.

(d) Requires the authority granted to the board under Subsection (a) to employ physicians to apply as necessary for the district to fulfill the district's statutory mandate to provide medical care for the indigent and needy residents of the district as provided by Section 281.046 (District Responsibility for Medical Aid and Hospital Care).

(e) Requires the medical executive board of the district (medical executive board) to adopt, maintain, and enforce policies to ensure that a physician employed by

the district exercises the physician's independent medical judgment in providing care to patients.

(f) Requires that the policies adopted by the medical executive board under this section include:

(1) policies relating to governance of the medical executive board, credentialing, quality assurance, utilization review, peer review, medical decision-making, and due process; and

(2) rules requiring the disclosure of financial conflicts of interest by a member of the medical executive board.

(g) Requires the medical executive board and the board to jointly develop and implement a conflict management process to resolve any conflict between a policy adopted by the medical executive board under this section and a policy of the district.

(h) Requires a member of the medical executive board who is a physician to provide biennially to the chair of the medical executive board a signed, verified statement indicating that the medical executive board member:

(1) is licensed by the Texas Medical Board (TMB);

(2) will exercise independent medical judgment in all medical executive board matters, including matters relating to credentialing, quality assurance, utilization review, peer review, medical decision-making, and due process;

(3) will exercise the medical executive board member's best efforts to ensure compliance with the policies that are adopted or established by the medical executive board; and

(4) will report immediately to TMB any action or event that the board member reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(i) Requires each physician employed by the district, for all matters relating to the practice of medicine, to ultimately report to the chair of the medical executive board for the district.

SECTION 2. Amends Subchapter C, Chapter 351, Local Government Code, by adding Section 351.045, as follows:

Sec. 351.045. HEALTH CARE SERVICES IN CERTAIN COUNTIES; EMPLOYMENT OF PHYSICIANS. (a) Authorizes the commissioners court of a county with a population of 3.3 million or more, to appoint, contract for, or employ physicians to provide health care services to inmates in the custody of the sheriff.

(b) Prohibits this section from being construed as authorizing the commissioners court to supervise or control the practice of medicine, as prohibited by Subtitle B, Title 3, Occupations Code.

SECTION 3. Effective date: upon passage or September 1, 2011.