

## **BILL ANALYSIS**

Senate Research Center  
83R8318 MEW-F

S.B. 1861  
By: Taylor  
Intergovernmental Relations  
4/15/2013  
As Filed

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

The Angleton-Danbury Hospital District of Brazoria County (district) was created by the 60th Legislature in 1967 and codified as Chapter 1002 of the Special District Local Laws Code in 2003. Because of its rural location, the district has experienced challenges recruiting and retaining physicians, which limits access to health care in the community. S.B. 1861 allows the district to directly employ physicians and other health care providers. Directly employing physicians will allow the district to provide the economic security necessary for a physician to relocate and reside in the community.

S.B. 1861 provides that the district directors are to be elected to staggered four-year terms. In addition, S.B. 1861 changes the time period for a depository designation to five years.

As proposed, S.B. 1861 amends current law relating to the Angleton-Danbury Hospital District of Brazoria County, Texas.

### **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 1002.051(f), Special District Local Laws Code, as follows:

(f) Provides that members of the board of directors (directors) of the Angleton-Danbury Hospital district of Brazoria County, Texas (district) serve staggered four-year terms. Requires the district to hold an election each odd-numbered year to elect the appropriate number of directors. Deletes existing text providing that directors serve staggered two-year terms unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code. Deletes existing text providing that, if the directors serve two-year terms, the terms of directors elected to odd-numbered positions expire in even-numbered years and the terms of directors elected to even-numbered positions expire in odd-numbered years

SECTION 2. Amends Section 1002.058, Special District Local laws Code, as follows:

Sec. 1002.058. New heading: OFFICE FACILITIES. (a) Defines "licensed health care professional" for this section.

(b) Creates this subsection from existing text. Requires the board of directors of the district (board) to determine the type, number, and location of buildings necessary to establish and maintain office facilities for staff physicians, physicians employed under Section 1002.061, and other licensed health care professionals to provide adequate health, rather than medical, care services for the district within the licensed health care professionals' scope of license.

(c) Redesignates existing Subsection (b) as Subsection (c). Authorizes the board to acquire property and equipment and construct facilities for the district for use

by staff physicians, physicians employed under Section 1002.061, and other licensed health care professionals

(d) Redesignates existing Subsection (c) as Subsection (d). Authorizes the board to lease the office facilities and equipment to staff physicians, physicians employed under Section 1002.061, and other licensed health care professionals or to sell or otherwise dispose of the property, facilities, and equipment.

SECTION 3. Amends Subchapter B, Chapter 1002, Special District Local Laws Code, by adding Section 1002.061, as follows:

Sec. 1002.061. EMPLOYMENT OF PHYSICIANS. (a) Authorizes the board to employ a physician and retain all or part of the professional income generated by the physician for medical services provided at a hospital or other health care facility owned or operated by the district if the board satisfies the requirements of this section.

(b) Requires the board to appoint a chief medical officer for the district who has been recommended by the medical staff of the district and 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.

(c) Requires that the policies adopted under this section include:

(1) policies relating to credentialing and privileges; quality assurance; utilization review; peer review and due process; and medical decision-making; and

(2) the implementation of a complaint mechanism to process and resolve complaints regarding interference or attempted interference with a physician's independent medical judgment.

(d) Requires that the policies adopted under this section be approved by the medical staff of the hospital. Requires that a conflict management process, in the event of a conflict between a policy adopted by the board and approved by the medical staff under this section and a policy of the hospital, be jointly developed by the medical staff of the hospital and the board and implemented to resolve that conflict.

(e) Requires each physician employed by the district, for all matters relating to the practice of medicine, to ultimately report to the chief medical officer of the district.

(f) Requires the chief medical officer to notify the Texas Medical Board (TMB) that the board is employing physicians under this section and that the chief medical officer is the board's designated contact with TMB. Requires the chief medical officer to immediately report to TMB any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(g) Requires the board to give equal consideration regarding the issuance of medical staff membership and privileges to physicians employed by the district and physicians not employed by the district.

(h) Requires a physician employed by the district to retain independent medical judgment in providing care to patients and prohibits such a physician from being disciplined for reasonably advocating for patient care.

(i) Authorizes a physician employed by the district, if the district provides professional liability coverage for physicians employed by the district, to participate in the selection of the professional liability coverage, has the right to

an independent defense at the physician's own cost, and retains the right to consent to the settlement of any action or proceeding brought against the physician.

(j) Provides that, if a physician employed by the district enters into an employment agreement that includes a covenant not to compete, the agreement is subject to Section 15.50 (Criteria for Enforceability of Covenants Not to Compete), Business & Commerce Code, and any other applicable provision.

(k) Prohibits the board from delegating to the chief executive officer of the district the authority to hire, terminate, or make any other personnel decisions relating to a physician.

(l) Provides that this section applies to medical services provided by a physician at a hospital or other health care facility owned or operated by the district.

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

SECTION 4. Amends Section 1002.251, Special District Local Laws Code, as follows:

Sec. 1002.251. DEPOSITORY. Requires the board to by resolution designate a bank within the county as the district's depository, and requires all funds of the district to be secured in the manner provided for the security of county funds, rather than to require the board, as soon as practicable after the creation election results favorably to the creation of the district, to by resolution designate a bank within the county as the district's depository, and all funds of the district shall be secured in the manner provided for the security of county funds. Requires that such depository serve for a period of five years, rather than two years, and until a successor has been selected.

SECTION 5. Amends Section 1002.252(b), Special District Local Laws Code, to authorize the board, to secure a loan or line of credit, to pledge certain revenues.

SECTION 6. (a) Requires that an election of the board, notwithstanding Section 1002.051 (Board of Directors; Election), Special District Local Laws Code, as amended by this Act, be held in May 2014, and requires the directors elected to places 1, 3, 5, 7, and 9 at the election to serve three-year terms.

(b) Requires that the election of the board scheduled to be held in May 2015 be held, and requires the directors elected to places 2, 4, 6, and 8 at that election to serve four-year terms.

(c) Requires the directors elected at the elections to be held in May 2017 and May 2019 to serve four-year terms.

SECTION 7. (a) Effective date, except as provided by Subsection (b) of this section: upon passage or September 1, 2013.

(b) Effective date, Section 1002.051, Special District Local Laws Code, as amended by this Act: January 1, 2014.