

BILL ANALYSIS

Senate Research Center
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S.B. 1236
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, hospitals must hire physicians through third-parties called 501(a) organizations. The primary purpose of hiring doctors through 501(a) organizations is to prevent physicians from having to establish a private practice.

Under the Employee Retirement Income Security Act of 1974 (ERISA), the 501(a) organization under which Hunt Memorial Hospital (HMH) currently hires doctors will be required to offer a small member plan to cover physicians rather than the broader plan offered by HMH.

Small member plans would result in lesser quality health insurance benefits offered by HMH to their physicians, making it difficult for them to compete with urban health systems in Dallas to attract high-caliber doctors.

S.B. 1236 would allow the board of HMH to directly hire physicians. The bill would apply only to HMH, so it specifies the powers, duties, and practices for direct hiring of doctors. The doctors at HMH support direct employment through the hospital. Directly hiring physicians would allow hospitals to provide more competitive benefits and salaries to their doctors.

As proposed, S.B. 1236 amends current law relating to authority of the Hunt Memorial Hospital District to appoint, contract for, or employ physicians.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of directors of the Hunt Memorial Hospital District in SECTION 1 (Section 1044.0605, Special District Local Laws Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1044, Special District Local Laws Code, by adding Section 1044.0605, as follows:

Sec. 1044.0605. EMPLOYMENT OF PHYSICIANS. (a) Authorizes the board of directors of the Hunt Memorial Hospital District (board; district) to appoint, contract for, or employ physicians as the board considers necessary for the effective 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, 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 needy and indigent residents of the district as provided by Section 1044.101 (District Responsibility).

(e) Requires the medical executive board of the district 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 the policies adopted by the medical executive board under this section to 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 district's 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 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 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. Effective date: September 1, 2019.