

SUBJECT: Providing subrogation authority for hospital districts

COMMITTEE: Public Health — committee substitute recommended

VOTE: 8 ayes — Capelo, Laubenberg, Truitt, Coleman, Dawson, Naishtat, Taylor, Zedler

0 nays

1 absent — McReynolds

WITNESSES: For — Jonny Hipp, Nueces County Hospital District

Against — None

BACKGROUND: Subrogation means recovering payment by a third party from a settlement or award. Under current law, hospital districts have no right of subrogation, meaning that if a patient is treated by the hospital and does not pay, but then receives an award from whoever caused the injury, the hospital district cannot recover the cost of the care from the award.

DIGEST: CSHB 3310 would give a public hospital, hospital district, or physician with privileges the right of subrogation. A patient would have to inform the hospital of a potential cause of action within 10 days of learning about it. Intentional failure to provide that information would constitute a Class C misdemeanor (punishable by a maximum fine of \$500) and could result in denial of services following an administrative hearing.

A hospital or related entity could file a cause of action for subrogation independent of any other cause of action. The subrogation recovery would be limited to the amount of services administered.

The bill would take effect September 1, 2003.

SUPPORTERS SAY: CSHB 3310 would give hospital districts and public hospitals the same right to subrogation as other entities have. Counties that offer health care for indigent patients but that do not have a hospital district or public hospital have

the right of subrogation. The state Medicaid program, the Texas Rehabilitation Commission, and public health services administered by the Texas Department of Health already have similar statute to the one proposed by this bill. Hospital districts should be no different.

Subrogation is important to enable public health-care institutions to stretch their uncompensated care further. If the care is needed because of harm caused by someone else, any award based on that harm should go toward reimbursement for that care.

**OPPONENTS
SAY:**

CSHB 3310 unfairly would offer the right of subrogation to certain professionals but not to others. The different health-care providers in an operating room would bill separately. While the physician could recover, the nursing staff and surgical assistants could not. If one professional can recover, all should be able to recover.

NOTES:

As filed, HB 3310 would not have extended the right of subrogation to physicians.