

## **BILL ANALYSIS**

Senate Research Center

H.B. 1340  
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Health & Human Services  
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Engrossed

### **DIGEST AND PURPOSE**

Current law limits the liability of a nonhospital charitable organization regarding a civil action for certain damages. It has been suggested that similar limited liability should be extended to a nonprofit hospital, hospital system, or for-profit hospital. H.B. 1340 provides that a nonprofit hospital, hospital system, or a hospital licensed under the Texas Hospital Licensing Law, that is not a nonprofit hospital must provide charity care and community benefits in a combined amount equal to 10 percent or more of its net patient revenue and at least 50 percent of the charity care required by the county in which the hospital or system is located in order to be protected under limited liability. The bill also sets forth certification of such a hospital or system.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

H.B. 1340 amends the Health and Safety Code to provide that a nonprofit hospital, hospital system, and a hospital licensed under the Texas Hospital Licensing Law that is not a nonprofit hospital must provide charity care and community benefits in a combined amount equal to at least 10 percent of the net patient revenue of the hospital or hospital system during the preceding fiscal year of the hospital or system and at least 50 percent of the charity care required by the county in which the hospital is located to be eligible for certification.

The bill provides that all of these hospitals and a hospital system must submit a report based on its most recent completed and audited prior fiscal year to the Texas Department of Health not later than April 30 of each year after the hospital's or system's fiscal year ends stating that the hospital or system is eligible for certification. The bill provides that the information in the report must be verified against the hospital's or system's annual report of community benefits plan. The bill provides that certification issued to a hospital or system takes effect on May 31 of that year and expires on the anniversary of that date.

The bill provides that the liability of a hospital or hospital system for a cause of action that accrues during the period that the hospital or system is certified is subject to the limitations specified by the Medical Liability and Insurance Improvement Act of Texas.

Effective date: upon passage or September 1, 2001.