

BILL ANALYSIS

Senate Research Center
79R4572 HLT-D

S.B. 872
By: Nelson
Health and Human Services
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, there are laws governing general fraud and abuse applicable to physicians and hospitals, but there are no existing laws specific to physician-owned niche hospitals. As a result of an increased appearance of such niche hospitals over the last decade, health care policy advocates are concerned about a potential conflict-of-interest between physician-owners and community and rural hospitals. As proposed, S.B. 872 directs the Department of State Health Services to conduct a study on the impact of niche hospitals on the financial health of Texas hospitals and the quality of care of hospital services.

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 105.002, Occupations Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

- (a) Includes knowingly directing or requiring a patient to obtain health care goods or services from a niche hospital in which the health care provider or an immediate family member of the provider has a financial interest, unless certain circumstances apply, amongst the activities considered unprofessional conduct for a health care provider.
- (c) Provides that Subsection (a)(3) does not apply to a financial interest in publicly available shares of a registered investment company that owns publicly traded equity securities or debt obligations issued by a niche hospital or an entity that owns the niche hospital.
- (d) Defines "diagnosis-related group" and "niche hospital."

SECTION 2. (a) Defines "niche hospital."

- (b) Requires the Department of State Health Services (department) to conduct a study regarding the impact of niche hospitals on the financial viability of other general hospitals located in this state.
- (c) Requires the department to evaluate certain topics in conducting the study.
- (d) Requires the department to submit a report to the legislature regarding the results of the study conducted under this section not later than December 1, 2006.
- (e) Provides that this section expires September 1, 2007.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2005.