

**SUBJECT:** Creating the nonprofit Rural Health Foundation

**COMMITTEE:** Public Health — favorable, with amendment

**VOTE:** 8 ayes — Coleman, Capelo, Delisi, Glaze, Longoria, Maxey, Uresti, Wohlgemuth

0 nays

1 absent — Gray

**SENATE VOTE:** On final passage, February 21 — voice vote

**WITNESSES:** For — (*Registered but did not testify:*) Tom Banning, Texas Academy of Family Physicians; Joe A. DaSilva, Texas Hospital Association; John Drobnica, Texas Association of Physician Assistants; Candie Phipps, Texas Pediatric Society; Terry Boucher, Texas Osteopathic Medical Association; Jill Turner, Texas Farm Bureau

Against — (*Registered but did not testify:*) Paul Swasko, Christus St. Joseph's Health System

On — (*Registered but did not testify:*) Mike Easley, Center for Rural Health

**DIGEST:** SB 155, as amended, would require the Center for Rural Health Initiatives (CRHI) to establish the Rural Health Foundation as an independent nonprofit corporation that could apply for government funding, foundation grants, and other sources of funding for rural health programs. The corporation would be organized as tax-exempt under the Texas Non-Profit Corporation Act (art. 1396-1.01 et seq., V.T.C.S.) and the U.S. Internal Revenue Code, sec. 501(c)(3). The CRHI would have to create the foundation not later than June 1, 2002.

The foundation would be governed by a five-member board of directors appointed by the CRHI executive committee from people recommended by the CRHI executive director. The members would serve staggered six-year terms, expiring February 1 of each odd-numbered year. In making initial

appointments, the CRHI executive committee would have to designate two members with terms expiring February 1, 2003, two with terms expiring February 1, 2005, and one member with a term expiring February 1, 2007. The bill would add standard provisions regarding non-discrimination in selecting board members, prohibitions against registered lobbyists from serving on the board, and removal of board members.

The foundation board would have to meet at least twice a year and would be responsible for maintaining records separate from the CRHI and for filing necessary information and reports to maintain its tax-exempt status. The board also would have to submit a financial report to the CRHI within 60 days of the last day of a fiscal year, itemizing all income and expenditures during the fiscal year.

The foundation would have to sign a memorandum of understanding with the CRHI under which the foundation board and staff members would report to the CRHI executive committee and executive director, the CRHI would provide staff support for the foundation, and the CRHI could spend money for foundation activities.

The CRHI would have to obtain information from each state agency, university, medical school, rural community, or other rural health-care provider that had spent public funds to perform a study, conduct a demonstration project or grant, or develop programs relating to rural health care during a biennium and would have to include that information in its biennial report to the Legislature.

The bill would take effect September 1, 2001.

**SUPPORTERS  
SAY:**

SB 115 would help Texas secure government and foundation grants to provide rural health services that otherwise would be unavailable. The nonprofit Rural Health Foundation would qualify for these funds, whereas governmental entities such as the CRHI cannot qualify for them. Public-private partnerships provide innovative solutions to many concerns facing today's society, and SB 115 would offer the state flexibility in crafting solutions to the health-care problems of rural Texas.

The House Select Committee on Rural Development's interim report to the 77th Legislature identified a substantial gap between the health care provided to Texas' 196 non-metropolitan counties and the 58 metropolitan counties. According to CRHI, the 196 non-metropolitan counties have higher average rates of all deaths, infant mortality, suicide, and trauma death. The CRHI also reports that 101 of these 196 rural counties are considered health professional shortage areas.

Compared to other states with large rural populations, Texas ranks low in the amount of funding and grants for rural health programs. The CRHI is the only entity designated to apply for such grants. However, the center cannot qualify for funding from national, regional, and in-state foundations because governmental entities are ineligible for foundation grants.

Improving access to health care in rural counties remains an integral part of redeveloping these communities. Businesses are reluctant to locate facilities or expand existing facilities in rural areas that lack hospitals, physicians, and other health-care services. SB 115 would offer a way to supplement state funding for rural health-care systems through other sources.

OPPONENTS  
SAY:

No apparent opposition.

NOTES:

The committee amendment would add the requirement that the CRHI obtain information on rural health project expenditures and include that information in its biennial report to the Legislature.

HB 7 by Chisum, et al., which would create the Office of Rural Community Affairs and transfer the CRHI into that office, passed the House as amended on April 10 and was reported favorably as amended by the Senate State Affairs Committee on May 11.