

## **BILL ANALYSIS**

Senate Research Center  
81R11243 ALB-F

S.B. 1792  
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Intergovernmental Relations  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This bill updates the enabling legislation for the Reagan Hospital District (district). The bill addresses the district's principles for borrowing funds, the district's bonding authority, and the standards for use of bond proceeds.

The bill expands the current exemptions from the prohibition of the corporate practice of medicine to include the district.

Texas is one of only five states that continues to explicitly define or actively enforce some form of the prohibition of the corporate practice of medicine. However, Texas does allow private nonprofit medical schools, school districts, nonprofit health organizations certified by the Texas Medical Board; federally qualified health care centers; and migrant, community, and homeless centers to employ physicians. Additionally, the legislature has allowed approximately 10 hospital districts to change their enabling legislation to employ physicians. The state itself is allowed to employ physicians to work in state academic medical centers, state hospitals, and prisons.

Many smaller Texas communities report that the prohibition against the hiring of physicians is a significant factor contributing to the inability to recruit and retain physicians to serve in those communities. When an individual physician is required to establish a sole practitioner office that requires health insurance and retirement benefits, the cost and administrative burden can be a deterrent to agreeing to practice in a small community.

As proposed, S.B. 1792 authorizes the board of directors of the district to employ physicians or other health care providers. This bill also authorizes the board to borrow money and secure a loan by certain means.

### **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 6, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, by adding Subsection (e-1), to authorize the board of directors of the Reagan Hospital District (board) to employ physicians or other health care providers as the board considers necessary for the efficient operation of the Reagan Hospital District (district). 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 (Health Professions), Occupations Code.

SECTION 2. Amends Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, by adding Section 7A, as follows:

Sec. 7A. (a) Authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made.

(b) Authorizes the board, to secure a loan, to pledge district revenue that is not pledged to pay the district's bonded indebtedness, a district tax to be imposed by

the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds, or a district bond that has been authorized but not sold.

(c) Requires that a loan for which taxes or bonds are pledged mature not later than the first anniversary of the date the loan is made. Requires that a loan for which district revenue is pledged mature not later than the fifth anniversary of the date the loan is made.

SECTION 3. Amends Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, by adding Sections 9A and 9B, as follows:

Sec. 9A. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this Act, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 8 (relating to the board having the power to issue and sell bonds under certain conditions) of this Act and revenue and other sources as authorized by Section 9 (relating to the board being authorized to issue and refund any previously issued revenue bonds under certain conditions) of this Act.

Sec. 9B. Authorizes the district to use the proceeds of bonds issued under this Act to pay certain expenses, payments, and costs associated with the bonds.

SECTION 4. Effective date: upon passage or September 1, 2009.