

Amend CSHB 2292 by adding the following appropriately numbered sections to the bill and renumbering subsequent sections accordingly:

SECTION \_\_. Subchapter B, Chapter 533, Health and Safety Code, is amended by adding Section 533.050 to read as follows:

Sec. 533.050. PRIVATIZATION OF STATE MENTAL HOSPITAL. (a) After August 31, 2004, and before September 1, 2005, the department may contract with a private service provider to operate a state mental hospital owned by the department only if:

(1) the Health and Human Services Commission determines that the private service provider will operate the hospital at a cost that is at least 10 percent less than the cost to the department to operate the hospital;

(2) the Health and Human Services Commission approves the contract; and

(3) the hospital, when operated under the contract, treats a population with the same characteristics and acuity levels as the population treated at the hospital when operated by the department.

(b) On or before April 1, 2004, the department shall report to the commissioner of health and human services whether the department has received a proposal by a private service provider to operate a state mental hospital. The report must include an evaluation of the private service provider's qualifications, experience, and financial strength, a determination of whether the provider can operate the hospital under the same standard of care as the department, and an analysis of the projected savings under a proposed contract with the provider. The savings analysis must include all department costs to operate the hospital, including costs, such as employee benefits, that are not appropriated to the department.

(c) If the department contracts with a private service provider to operate a state mental hospital, the department, the governor's office of budget and planning, and the Legislative Budget Board shall identify sources of funding that must be transferred to the department to fund the contract.

(d) The department may renew a contract under this section.

The conditions listed in Subsections (a)(1)-(3) apply to the renewal of the contract.

SECTION \_\_. Section 533.050, Health and Safety Code, as added by this Act, takes effect September 1, 2004.