

BILL ANALYSIS

C.S.H.B. 2327
By: Naishtat
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law using Chapter 281 of the Health and Safety Code, voters in Travis County may call an election and create a hospital district in Travis County. However, the current statute does not recognize the unique health care delivery system in Austin and Travis County.

CSHB 2327 makes use of relevant provisions of Chapter 281 and Chapter 285 of the Health and Safety Code, which also deals with hospital districts, and creates a stand-alone statute, addressing the unique health care delivery system in Travis County. This would provide guidance to a newly created governing board, and addresses the responsibilities of health care delivery if an election is held and voters approve the creation of a hospital district. CSHB 2327 would also provide for a multi-county district.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Provides for the creation of a Central Texas Health Care District as outlined by the Constitution to include Travis County and the City of Austin.

A creation election may be called by the Commissioners Court or shall be called by a petition of voters within the area.

Other areas or counties may petition and hold elections to join the district after it is created, if the Travis County Commissioners Court agrees and notifications are made to the Commissioners Court of the new area. Upon notification, those Courts shall order an election.

A creation election must be held on the first uniform election day. If additional area is to be included at the time of the creation election in other counties, the election shall be on the same day.

The petition calling for the election may include a proposition for election on whether the board can issue general revenue bonds or the Commissioners Court may add this to the ballot. It has to be on the ballot in all areas where elections are held. If voters approve by majority vote, general obligation bonds may be issued. If elections are held both in Travis County/City of Austin and additional areas on the same day, the issuance of bonds must be approved in each election.

The bill describes the election order, notice of election, ballot proposition and ballot language, both for creation and for bonding authority.

The district is created only if there is a majority vote in Travis County/City of Austin. If additional areas are also voting, it must pass in the central area to be effective. If it fails, another election cannot be held for a year. For any additional area election held on the same day, it must pass in both the additional area and the central area.

The Commissioners Court shall enter an order if the proposition passes.

On the date the election is called, temporary directors are appointed, four by Travis County Commissioners, four by Austin City Council, and one jointly by both. If additional territory is included, each area appoints one director. The temporary directors serve until the election is unsuccessful or until the permanent directors are appointed if creation is approved. These directors plan for transfer of functions to the new district.

The permanent directors will be appointed as follows: four by Travis County Commissioners, four by Austin City Council, and one jointly by both. Two of the Travis County appointees must be residents of Austin. All shall have some level of experience in matters related to health care. If additional areas are added, directors are allotted based on one per 100,000 population. Permanent directors are to be appointed within 30 days. Successor directors are appointed in the same manner. Terms of service are staggered over four years through a process set out. Board vacancies are filled by the appointed body. The board elects president and vice-president with a 2/3 vote. Board members serve without compensation, but may be reimbursed for actual expenses. Process for setting agenda is outlined.

Provides for an oversight committee of two appointees of the Commissioner's Court and two appointees of the City of Austin Council. Any additional area outside of the central area is entitled to appoint one member. Officeholders may be appointed. Members serve two year terms. The oversight committee may call an election to dissolve the district or veto any proposed tax increase rate. They meet at least once a year and must have a 2/3 vote to take action.

The Board may appoint administrators and attorney for the district. They serve at the will of the board, are entitled to compensation, and must execute a bond.

The Board may appoint doctors to the staff and other employees may be employed, as necessary. The administrator supervises and directs the district.

The Board may provide retirement benefits as outlined.

All entities providing health care on the date of creation must transfer all related property and inventory to the district, including Brackenridge Hospital and related buildings.

Left optional for transfer through agreement between the local governments and the new district are property used by utilities, jails, and buildings under construction. Multi-purpose buildings where clinics are co-located with other functions do not transfer: equipment does, and space is leased for a period of transition time. A provision allows the transfer of Federally Qualified Health Clinics upon the federal government's authorization so as not to jeopardize the designation. Public health services remain with local governments unless transfer is agreed upon.

Provisions spell out the time lines and requirements of the transfer of money already appropriated for health care, and the conditions of its use.

Transition language outlines the initial operation of the district. Persons responsible for operation of facilities remain in place until a date set by the board or the first anniversary of creation. Language protects current longer term leases and contracts. The district shall continue the health care programs in place in Austin and Travis County to a date set by the board or the first anniversary of creation. Transition funding and methodology for programs and facilities is set to continue to a date set by the board or the first anniversary of creation.

The transfer of EMS and rescue and similar services is permissive for transfer to the district from local governments.

Any property that transfers and is not used for health related purposes may be returned.

All outstanding contractual obligations are transferred.

All outstanding bonded indebtedness on property transferred is also transferred to the district. Provisions outline this transfer.

No unit of government in the area of the new district may impose any tax or issue any bonds for hospital purposes, or for providing medical care for residents of the district after the creation of the district, except non-transferred public health, non-transferred and mobile medical. The district assumes full responsibility for mandated indigent care.

The board shall manage and control the district and can impose property tax or other taxes allowed by law.

The board may rename the district. It may adopt rules governing operation and staff duties. It may set up purchase and expenditure procedures and accounting processes.

The board shall inventory what it has upon creation and what type and quantity of services are needed in the district.

The board is given permission to acquire equipment, facilities, etc., to lease its property, to sell property, to provide for inpatient and outpatient care; and ability to own and operate a myriad of health care operations, to do mobile services, and to contract with school districts for health services.

The board may own and operate facilities and may set rates, charges and discounts for services.

The board may enter into construction contracts. They may contract for operation and management of facilities.

The district has eminent domain powers. Limitations to that power are outlined. If this power is used, costs of moving utilities is borne by district.

The district assumes indigent health care responsibilities and must set up an eligibility process. The board must require reimbursement from governmental units outside the district for the care of patients from those areas. Care for prisoners from outside the district must be reimbursed by the responsible governmental unit.

The board may issue service contracts for mobile emergency services or eligibility determinations.

The board may accept gifts and endowments. The board may sue and be sued.

The district may set up a health maintenance organization as set out in law.

An integrated health care system between the district and a medical school is authorized to provide health services in the district. Such a system can own or contract for assets, enter contracts, enter into reimbursement agreements and other necessary things to provide comprehensive health care. All laws applicable to the system are outlined. Guidelines for operations and transaction of business, including requirements for meetings is outlined.

The district may create a charitable organization to provide services or resources and support.

The district may loan or grant money for the economic development purposes such as medical education and research and provision of indigent health care in the district.

After the district is created, a defined territory may petition to join the district. Provisions for this application are outlined, including: election procedures, ballot language, election dates, election notices, and election results. If passed by a majority vote, provisions outline how new directors and oversight committee members are appointed.

The district may be dissolved by the board ordering an election or receiving petitions from citizens. Process for this election to be called and conducted are outlined. Provisions for the distribution of assets if dissolution is approved must be outlined. Time lines and process for the dissolution and transfer of assets are listed, as well as guidelines for unspent money dispersals. When all is done, the district reports dissolution to the commissioners courts within the area.

The board may set its fiscal year and an annual audit is required, and is a public record.

The administrator is required to prepare an annual budget with complete financial statement containing specific items listed. Notice and hearings are required on the budget before the adoption by the board. Budgets can be amended; no expenditure may be done unless it is in the budget.

Spending and investment limitation are set, including not spending any money not on hand or coming in the immediate or next fiscal year.

The board may borrow money through revenue anticipation notes for a term less than 18 months. Depository requirements are set.

The district is prohibited from participating in tax increment financing.

The board may issue and sell general obligation bonds authorized by the voters. When selling the bonds, a tax sufficient to cover the bonds must be issued. The process for authorizing a bond election is described. Bonds must be approved by a majority vote.

Revenue bonds may be issued and secured by revenue from the district's operations.

Refunding bonds may be issued to refund outstanding general obligation bonds and may impose a tax to pay the bonds.

Bonds must mature before the 50th anniversary and be within interest rates set by Government Code.

Process for bond execution is described. Bonds are not taxable. General obligation and revenue bonds may be issued for: any capital expenditures; working capital for construction; capitalized interest; issuance costs; liquidity or credit enhancement for the bonds; and debt service for the bonds. Bond proceeds may be used for upkeep and enhancement of property of the district. The district has all the powers granted to an "issuer" as set out in the Government Code.

The board may impose a property tax annually not to exceed level set by voters at the time of creation of the district. Taxes may be used to pay indebtedness and maintenance and operations. These taxes may not pay for revenue bond costs.

Tax rate cannot exceed rate set by the Texas Constitution. Income from all sources must be considered before rate is set. When proposed, the rate proposal must go to the oversight committee, and the oversight committee has veto authority only if the proposed rate is greater than the rate adopted for the preceding year. The process for the oversight committee to veto is described.

The Tax Code governs appraisal, assessment, and collection of district taxes. The board may provide for appointment of an assessor-collector.

The board may impose a sales and use tax as outlined in Chapter 285 of the Health and Safety Code.

The state may not become obligated for the support or maintenance of the district and the legislature may not make a direct appropriation to it.

Publication requirement for this legislation is outlined. Powers granted to the board are cumulative.

Effective date

EFFECTIVE DATE

Takes effect September 1, 2003, or immediately if receives 2/3 vote, as required by Texas Constitution.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 2327 deletes Sec. 1.002(b) which would have prohibited the creation or expansion of a Travis County hospital district under any other law.

CSHB 2327 adds Sec. 3.002(c) which requires a director of the board to live in the hospital district.

CSHB 2327 makes non substantive language changes in Sec. 3.003(a), deleting "added and", clarifying that additional directors shall be appointed, rather than added. Sec. 3.003(b) includes rewording of language in the bill as filed, and additional language clarifying appointment of directors for other counties joining the district. Would provide for one director in counties with less than 100,000 residents.

CSHB 2327 clarifies in Sec. 3.011 that County Commissioners Courts and City Councils will appoint commissioners and council members to serve on the oversight committee.

CSHB 2327 makes a non substantive numbering change in Sec. 4.001(a), changing a reference from subsection "(c)" to "(f)".

CSHB 2327 adds language to include another municipality or county in Sec. 4.002 relating to the operation and transfer of facilities to the district.

CSHB 2327 adds clarifying language in Sec. 4.005 that requires the district to assume certain contract obligations fo the entity transferring property to the district.

CSHB 2327 adds clarifying language in Sec. 4.006 that requires the district to assume bonded indebtedness and any outstanding bonds.

CSHB 2327 clarifies in Sec. 4.008 that the district shall assume full responsibility, as required under the Texas Constitution, for indigent health care.

CSHB 2327 adds "occupational therapy" to the list of services the board may provide for, under Sec. 4.013(5).

CSHB 2327 clarifies in Sec. 5.004 (2) that if additional areas join the district, the commissioners court of that county shall appoint one of its members to the oversight committee.

CSHB 2327 sets the imposition of annual property taxes for district purposes at a rate not to exceed one-third of the maximum tax rate authorized by Section 9, Article IX, Texas Constitution. The bill as filed would have authorized property taxes at a rate not to exceed the maximum authorized under the Texas Constitution, which is seventy-five cents per \$100 valuation.