

By: Bivins

S.B. No. 570

A BILL TO BE ENTITLED

AN ACT

relating to the Hemphill County Hospital District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 4(c), Chapter 424, Acts of the 66th Legislature, Regular Session, 1979, is amended to read as follows:

(c) At the time the creation of the district is approved and the returns of the election are officially canvassed, the persons then serving as temporary directors shall become permanent directors of the district, shall take the constitutional oath of office, and shall divide themselves into two classes, namely: class one, two persons to serve until the first Saturday in April following the election at which the creation of the district is approved, and class two, three persons to serve until the first Saturday in April of the next succeeding year. Successors shall be elected by vote of the qualified voters of the entire district for two-year terms. Notice of an ~~[a director's]~~ election of directors shall be published one time at least 30 days before the date of the election in a newspaper or newspapers which individually or collectively have general circulation in the district. A ~~[Any]~~ person who wishes ~~[desiring]~~ to have the person's ~~[his or her]~~ name printed on the ballot as a candidate for director must ~~[shall]~~ file an application with the secretary of the board of directors not later than the 45th day ~~[a petition signed by at least 10 qualified voters residing in the district asking that his or her name be~~

1 ~~printed on the ballot. The petition shall be filed with the~~  
2 ~~secretary at least 35 days]~~ before the date of the election.  
3 Subchapter C, Chapter 2, Election Code, applies to the election of  
4 unopposed candidates for the board of directors. Vacancies in  
5 office shall be filled for the unexpired term by the remainder of  
6 the board of directors.

7 SECTION 2. Section 5, Chapter 424, Acts of the 66th  
8 Legislature, Regular Session, 1979, is amended to read as follows:

9 Sec. 5. POWERS AND DUTIES. (a) The board of directors  
10 shall manage, control, and administer the hospital system and  
11 ancillary health care system and all funds and resources of the  
12 district, but in no event shall any operating, depreciation, or  
13 building reserves be invested in any funds or securities other than  
14 those specified in Subchapter A, Chapter 2256, Government Code  
15 ~~[Article 836 or 837, Revised Civil Statutes of Texas, 1925, as~~  
16 ~~amended]~~.

17 (b) The district, through its board of directors, may sue  
18 and be sued and may adopt ~~[promulgate]~~ rules governing the  
19 operation of the district, the hospital system and ancillary health  
20 care system, its staff, and its employees.

21 (c) The board of directors shall appoint a qualified person  
22 to serve as administrator or manager of the hospital system and  
23 ancillary health care system and may, in its discretion, appoint an  
24 assistant to the administrator or manager. The administrator or  
25 manager, and assistant administrator or manager, if any, shall  
26 serve at the will of the board and shall receive compensation fixed  
27 by the board. The administrator or manager shall, on assuming the

1 person's [~~his or her~~] duties, execute a bond payable to the hospital  
2 district in an amount to be set by the board of directors, in no  
3 event less than \$5,000, conditioned that the person [~~he or she~~]  
4 shall perform the duties required of the person [~~him or her~~], and  
5 containing other conditions the board may require. The  
6 administrator or manager shall supervise all the work and  
7 activities of the district and shall have general direction of the  
8 affairs of the district, subject to the limitations prescribed by  
9 the board.

10 (d) The board of directors may appoint to the staff doctors  
11 it considers [~~deems~~] necessary for the efficient operation of the  
12 hospital system and ancillary health care system and may provide  
13 for temporary appointments to the staff if warranted by  
14 circumstances.

15 (e) The board of directors may delegate to the administrator  
16 or manager the authority to employ technicians, nurses, and other  
17 employees of the hospital system and ancillary health care system  
18 and the district.

19 (f) The board of directors may contract with any other  
20 political subdivision or governmental agency whereby the district  
21 will provide investigatory or other services as to the medical,  
22 hospital, or welfare needs of the inhabitants of the district and  
23 may contract with any county, incorporated city or town, the State  
24 of Texas, or agencies of the federal government for the treatment of  
25 sick, diseased, or injured persons.

26 SECTION 3. Section 6, Chapter 424, Acts of the 66th  
27 Legislature, Regular Session, 1979, is amended to read as follows:

1           Sec. 6. BUDGET AND ANNUAL AUDIT. (a) The district shall be  
2 operated on the basis of a fiscal year established by the board of  
3 directors, provided the fiscal year may not be changed more than  
4 once in any 24-month period.

5           **(b) As soon as practicable after the end of each district**  
6 **fiscal year, the** ~~The~~ board **of directors** shall have an annual audit  
7 made of the **finances** ~~[financial condition]~~ of the district which,  
8 together with other records of the district, shall be open to  
9 inspection at the principal office of the district. **The board shall**  
10 **select a qualified independent accounting firm to perform the**  
11 **audit. The audit must contain a detailed accounting of**  
12 **disbursements.**

13           **(c)** The administrator or manager shall prepare an annual  
14 budget for approval by the board of directors.

15           **(d)** The budget shall also contain a complete financial  
16 statement of the district showing:

- 17           **(1)** all outstanding obligations of the district;  
18           **(2)** ~~[ ]~~ the cash on hand to the credit of each fund of  
19 the district;  
20           **(3)** ~~[ ]~~ the funds received from all sources during the  
21 previous year;  
22           **(4)** ~~[ ]~~ the funds available from all sources during  
23 the ensuing year;  
24           **(5)** ~~[ ]~~ the balances expected at year end of the year  
25 in which the budget is being prepared;  
26           **(6)** ~~[ ]~~ estimated revenues and balances available to  
27 cover the proposed budget; ~~[ ]~~ and

1           (7) the estimated tax rate that will be required.

2           (e) A public hearing on the annual budget shall be held by  
3 the board of directors after notice of a hearing has been published  
4 in a newspaper of general circulation in the district one time at  
5 least 10 days before the date set for the hearing. Any person  
6 residing in the district may be present and participate in the  
7 hearing. At the conclusion of the hearing, the budget, as proposed  
8 by the administrator or manager, shall be acted on by the board of  
9 directors.

10          (f) The board of directors may make changes in the budget  
11 which in their judgment the law warrants and the interest of the  
12 taxpayers demands. No expenditure may be made for any expense not  
13 included in the annual budget or an amendment to it. The annual  
14 budget may be amended from time to time as circumstances require,  
15 but the annual budget and all amendments to it shall be approved by  
16 the board of directors. [~~As soon as practicable after the close of~~  
17 ~~each fiscal year, the administrator or manager shall prepare for~~  
18 ~~the board a full sworn statement of all money belonging to the~~  
19 ~~district and a full account of disbursements.~~]

20          SECTION 4. Chapter 424, Acts of the 66th Legislature,  
21 Regular Session, 1979, is amended by adding Section 6A to read as  
22 follows:

23          Sec. 6A. EMERGENCY ACTION. (a) In an emergency, the  
24 administrator or manager may take any lawful action necessary to  
25 preserve district assets or protect patient health and safety.

26          (b) As soon as practicable after any action is taken, the  
27 administrator or manager shall report the emergency action to the

1 board of directors, and the board shall amend the annual budget to  
2 reflect the costs of the action, if any.

3 SECTION 5. Section 7(a), Chapter 424, Acts of the 66th  
4 Legislature, Regular Session, 1979, is amended to read as follows:

5 (a) The board of directors may issue and sell its bonds in  
6 the name and on the faith and credit of the hospital district for  
7 the purchase, construction, acquisition, repair, and renovation of  
8 buildings and improvements, and equipping them for hospital and  
9 ancillary health care purposes. At the time of the issuance of any  
10 bonds by the district, the board shall levy a tax sufficient to  
11 create an interest and sinking fund to pay the interest on and  
12 principal of the bonds as they mature, providing the tax together  
13 with any other taxes levied for the district may not exceed 75 cents  
14 on each \$100 valuation of all taxable property located in the  
15 district subject to hospital district taxation in any one year. No  
16 bonds payable from taxes may be issued by the hospital district  
17 except refunding bonds until authorized by a majority of the  
18 electors of the district. The order for a bond election shall  
19 specify the date of the election, the amount of bonds to be  
20 authorized, the maximum maturity of the bonds, the place or places  
21 where the election will be held, and the presiding judge and  
22 alternate judge for each voting place, and shall provide for clerks  
23 as in county elections. Notice of a bond election shall be given by  
24 publishing a substantial copy of the election order in a newspaper  
25 of general circulation in the district once a week for two  
26 consecutive weeks, the date of the first publication to appear at  
27 least 30 days before the date set for the election, and the bond

1 election shall be conducted in accordance with the Texas Election  
2 Code, as amended, except as modified by the provisions of this Act.

3 SECTION 6. Section 8, Chapter 424, Acts of the 66th  
4 Legislature, Regular Session, 1979, is amended to read as follows:

5 Sec. 8. REVENUE BONDS. In addition to the power to issue  
6 bonds payable from taxes levied by the district, as contemplated by  
7 Section 7 of this Act, the board of directors may issue and refund  
8 any previously issued revenue bonds for purchasing, constructing,  
9 acquiring, repairing, equipping, or renovating buildings and  
10 improvements for hospital and ancillary health care purposes, and  
11 for acquiring sites for hospital and ancillary health care  
12 purposes, the bonds to be payable from and secured by a pledge of  
13 all or part of the revenues of the district to be derived from the  
14 operation of its hospital, ~~[or] hospital system, or ancillary~~  
15 health care system, and the bonds may be additionally secured by a  
16 mortgage or deed of trust lien on any part or all of its property.  
17 The bonds shall be issued in the manner and in accordance with the  
18 procedures and requirements specified for the issuance of revenue  
19 bonds by county hospital authorities in Sections 264.042, 264.043,  
20 and 264.046-264.049, Health and Safety Code [~~8 and 10 through 13 of~~  
21 ~~Chapter 122, Acts of the 58th Legislature, Regular Session, 1963,~~  
22 ~~as amended (Article 4494r, Vernon's Texas Civil Statutes)]].~~

23 SECTION 7. Section 9, Chapter 424, Acts of the 66th  
24 Legislature, Regular Session, 1979, is amended to read as follows:

25 Sec. 9. REFUNDING BONDS. Without an election the board of  
26 directors may issue refunding bonds of the district payable from  
27 taxes or revenues for the purpose of refunding any outstanding

1 legal indebtedness the district has issued, incurred, or assumed.  
2 The refunding bonds may be sold and the proceeds applied to the  
3 payment of outstanding indebtedness or may be exchanged in whole or  
4 in part for not less than the principal amount of the outstanding  
5 indebtedness being refunded. Refunding bonds shall be issued in  
6 conformity with Chapter 1207, Government Code [~~503, Acts of the~~  
7 ~~54th Legislature, Regular Session, 1955, as amended (Article 717k,~~  
8 ~~Vernon's Texas Civil Statutes), or Chapter 784, Acts of the 61st~~  
9 ~~Legislature, Regular Session, 1969 (Article 717k-3, Vernon's Texas~~  
10 ~~Civil Statutes)]~~, or any other general law of the state authorizing  
11 refunding bonds and applicable to hospital districts.

12 SECTION 8. Section 10, Chapter 424, Acts of the 66th  
13 Legislature, Regular Session, 1979, is amended to read as follows:

14 Sec. 10. BOND REQUIREMENTS. Bonds of the district payable  
15 from taxes or revenues must:

16 (1) [~~shall~~] mature not later than the 40th anniversary  
17 [~~within 40 years~~] of the [~~their~~] date of issuance;

18 (2) [~~r~~] be executed in the name of the hospital  
19 district and on the district's [~~in its~~] behalf by the president of  
20 the board of directors, and [~~be~~] countersigned by the secretary in  
21 the manner provided by Chapter 618, Government Code;

22 (3) [~~204, Acts of the 57th Legislature, Regular~~  
23 ~~Session, 1961, as amended (Article 717j-1, Vernon's Texas Civil~~  
24 ~~Statutes), shall~~] bear interest at a rate not to exceed that  
25 prescribed by Chapter 1204, Government Code; and

26 (4) [~~3, Acts of the 61st Legislature, Regular Session,~~  
27 ~~1969, as amended (Article 717k-2, Vernon's Texas Civil Statutes),~~



1 ~~and shall~~] be subject to the [~~same~~] requirements of Chapter 1202,  
2 Government Code [~~in the manner of approval by the attorney general~~  
3 ~~and registration by the comptroller of public accounts as are by law~~  
4 ~~provided for approval and registration of bonds issued by counties.~~  
5 ~~On the approval of the bonds by the attorney general and~~  
6 ~~registration by the comptroller, they shall be incontestable for~~  
7 ~~any cause~~].

8 SECTION 9. Section 11, Chapter 424, Acts of the 66th  
9 Legislature, Regular Session, 1979, is amended to read as follows:

10 Sec. 11. DISTRICT PROPERTY. (a) The board of directors has  
11 complete discretion [~~as~~] to determine the type, number, and  
12 location, either inside or outside the district, of facilities and  
13 services [~~buildings~~] required to establish and maintain an adequate  
14 hospital system and ancillary health care system. The hospital  
15 system and ancillary health care system may include equipment,  
16 facilities, and services considered [~~deemed~~] necessary for  
17 hospital care and ancillary health care by the directors, including  
18 domiciliary care and treatment of sick or injured patients,  
19 geriatric services, outpatient clinics, rural health clinics,  
20 convalescent home facilities, physician's offices, home health  
21 services, long-term care, skilled nursing care, intermediate  
22 nursing care, assisted living facilities, hospice care, ambulatory  
23 surgery centers, urgent care facilities, and operation of a mobile  
24 emergency medical service.

25 (b) The board of directors may enter into an operating or  
26 management contract with one or more public or private entities  
27 with regard to all or part of district [~~its~~] facilities and

1 services. The board, on behalf of the district, may enter into a  
2 joint ownership arrangement with a public or private entity to  
3 provide management or operating services if the board determines  
4 that the joint ownership arrangement is in the district's best  
5 interests and does not violate Article III, Section 52, Texas  
6 Constitution [~~or a part of them, or may lease all or part of the~~  
7 ~~buildings, facilities, and other property owned by it on terms and~~  
8 ~~conditions considered to be in the best interest of its~~  
9 ~~inhabitants, provided that any lease may not be for a period longer~~  
10 ~~than 40 years from the date entered].~~

11 (c) The board of directors, on behalf of the district, may  
12 lease or sell or otherwise dispose of all or part of the district's  
13 property of any nature, including the district's hospital,  
14 ancillary health care facilities or other facilities, buildings,  
15 supplies, or equipment, to a public or private entity [~~property or~~  
16 ~~equipment of any nature]~~ on terms and conditions found by the board  
17 to be in the best interest of its inhabitants.

18 (d) [(b)] The board of directors of the district may  
19 prescribe the method of making purchases and expenditures by and  
20 for the hospital district and prescribe all accounting and control  
21 procedures. All contracts for construction shall be made [~~or~~  
22 ~~purchase involving the expenditure of more than \$5,000 may be made~~  
23 ~~only after advertising]~~ in the manner provided by Subchapter B,  
24 Chapter 271, Local Government Code [~~Chapter 163, General Laws, Acts~~  
25 ~~of the 42nd Legislature, Regular Session, 1931, as amended (Article~~  
26 ~~2368a, Vernon's Texas Civil Statutes)]. ~~The provisions of Article~~  
27 ~~5160, Revised Civil Statutes of Texas, 1925, as amended, relating~~~~

1 ~~to performance and payment bonds shall apply to construction~~  
2 ~~contracts let by the district].~~

3       (e) The board of directors, on behalf of the district, may  
4 acquire by lease, purchase, or lease to purchase property,  
5 facilities, supplies, and equipment for the district for use in the  
6 ~~[its]~~ hospital system and ancillary health care system and may  
7 mortgage or pledge the property, facilities, supplies, or equipment  
8 ~~[so]~~ acquired as security for the payment of the purchase price.  
9 Except as permitted in the preceding sentence and Sections 7, 8, and  
10 9 of this Act, the district may incur no obligation payable from any  
11 revenues of the district, tax or otherwise, except those on hand or  
12 to be on hand within the current and following fiscal year of the  
13 district.

14       SECTION 10. Section 16, Chapter 424, Acts of the 66th  
15 Legislature, Regular Session, 1979, is amended to read as follows:

16       Sec. 16. TAX ASSESSMENT AND COLLECTION. (a) The directors  
17 may levy taxes for the entire year in which the district is  
18 established as a result of the election provided in this Act. ~~[All~~  
19 ~~taxes of the district shall be assessed and collected on county tax~~  
20 ~~values as provided in Subsection (b) of this section unless the~~  
21 ~~directors, by majority vote, elect to have taxes assessed and~~  
22 ~~collected by the district's own tax assessor-collector under~~  
23 ~~Subsection (c) of this section. A determination by the board of~~  
24 ~~directors pertaining to the assessment and collection of taxes~~  
25 ~~shall be made before December 1 annually and shall govern the manner~~  
26 ~~in which taxes are subsequently assessed and collected, until~~  
27 ~~changed by a similar action by the board.]~~ Hospital taxes shall be

1 levied on all taxable property within the district subject to  
2 hospital district taxation.

3 (b) The Tax Code governs the appraisal, assessment, and  
4 collection of district taxes [~~Under this subsection, district taxes~~  
5 ~~shall be assessed and collected on county tax values in the same~~  
6 ~~manner as provided by law with relation to county taxes. The tax~~  
7 ~~assessor-collector of the county in which the district is located~~  
8 ~~shall be charged with and required to accomplish the assessment and~~  
9 ~~collection of all taxes levied by and on behalf of the district.~~  
10 ~~The county assessor-collector of taxes shall charge and deduct from~~  
11 ~~payments to the hospital district an amount as fees for assessing~~  
12 ~~and collecting the taxes at a rate of one percent of the taxes~~  
13 ~~assessed and one percent of the taxes collected, but in no event~~  
14 ~~shall the amount paid exceed \$5,000 in any one calendar year. These~~  
15 ~~fees shall be deposited in the officers salary fund of the county~~  
16 ~~and reported as fees of the office of the county tax~~  
17 ~~assessor-collector. Interest and penalties on taxes paid to the~~  
18 ~~hospital district shall be the same as in the case of county taxes.~~  
19 ~~Discounts shall be the same as allowed by the county. The residue~~  
20 ~~of tax collections after deductions of discounts and fees for~~  
21 ~~assessing and collecting shall be deposited in the district's~~  
22 ~~depository. The bond of the county tax assessor-collector shall~~  
23 ~~stand as security for the proper performance of his or her duties as~~  
24 ~~assessor-collector of the district, or if in the judgment of the~~  
25 ~~board of directors it is necessary, additional bond payable to the~~  
26 ~~district may be required. In all matters pertaining to the~~  
27 ~~assessment, collection, and enforcement of taxes for the district,~~

1 ~~the county tax assessor-collector may act in all respects according~~  
2 ~~to the laws of the State of Texas relating to state and county~~  
3 ~~taxes].~~

4 (c) The board of directors may provide for the appointment  
5 of a tax assessor-collector for the district or may contract for the  
6 assessment and collection of taxes as provided by the Tax Code  
7 ~~[Under this subsection, taxes shall be assessed and collected by a~~  
8 ~~tax assessor-collector appointed by the board, which shall also fix~~  
9 ~~the term of his or her employment, compensation, and requirement~~  
10 ~~for bond to assure the faithful performance of his or her duties,~~  
11 ~~but in no event may the bond be for less than \$5,000. The directors~~  
12 ~~shall annually appoint five persons to serve as a board of~~  
13 ~~equalization and shall fix their compensation. Each member of the~~  
14 ~~board and the tax assessor-collector must be residents of the~~  
15 ~~district, and each shall have the same duties, including the~~  
16 ~~obligation to take the oath of office, as required by county~~  
17 ~~officials exercising those powers and duties. Except as provided~~  
18 ~~in this law to the contrary, all the provisions of Title 122,~~  
19 ~~Revised Civil Statutes of Texas, 1925, as amended, shall apply to~~  
20 ~~the district].~~

21 SECTION 11. Section 18, Chapter 424, Acts of the 66th  
22 Legislature, Regular Session, 1979, is amended to read as follows:

23 Sec. 18. INDIGENT CARE. (a) Not later than the first day  
24 of each operating year, the district shall adopt an application  
25 procedure to determine eligibility for assistance, as provided by  
26 Section 61.053, Health and Safety Code.

27 (b) Whenever a patient residing in the district has been

1 admitted to the facilities of the district, the administrator or  
2 manager may have an inquiry made as to the patient's [~~his or her~~]  
3 circumstances and those of the relatives of the patient legally  
4 liable for the patient's [~~his or her~~] support. If the administrator  
5 or manager [~~he or she~~] finds that the patient or the patient's [~~his~~  
6 ~~or her~~] relatives are able to pay for the patient's [~~his or~~] care  
7 and treatment wholly or partly [~~in whole or in part~~], an order shall  
8 be made directing the patient or the patient's [~~his or her~~]  
9 relatives to pay to the hospital district for the care and support  
10 of the patient a specified sum per week in proportion to their  
11 financial ability.

12 (c) The administrator or manager may collect money owed to  
13 the district [~~shall have the power and authority to collect these~~  
14 ~~sums~~] from the estate of the patient or from the patient's [~~his or~~  
15 ~~her~~] relatives legally liable for the patient's [~~his or her~~]  
16 support in the manner provided by law for collection of expenses in  
17 the last illness of a deceased person.

18 (d) If the administrator or manager finds that the patient  
19 or the patient's [~~his or her~~] relatives are not able to pay either  
20 wholly or partly [~~in whole or in part~~] for the patient's [~~his or~~  
21 ~~her~~] care and treatment in the hospital, they shall become a charge  
22 on the hospital district as to the amount of the inability to pay.

23 (e) If [~~Should~~] there is [~~be~~] a dispute as to the ability to  
24 pay or doubt in the mind of the administrator or manager, the board  
25 of directors shall hear and resolve the dispute and issue its final  
26 order after calling witnesses.

27 (f) Appeals from a final order of the board of directors

1 must be made [~~shall lie~~] to the district court. The substantial  
2 evidence rule shall apply.

3 SECTION 12. This Act takes effect immediately if it  
4 receives a vote of two-thirds of all the members elected to each  
5 house, as provided by Section 39, Article III, Texas Constitution.  
6 If this Act does not receive the vote necessary for immediate  
7 effect, this Act takes effect September 1, 2003.