

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 9, 2003

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2453 by Kolkhorst (Relating to the definition of a hospital district management contractor.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the definition for "hospital district management contractor" in Subchapter F, Section 285, Health and Safety Code. The bill would take effect September 1, 2003.

Under current statute, a hospital district management contractor is defined as a nonprofit corporation, partnership, or sole proprietorship that manages a hospital or provides services as a part of a rural health network as defined in the US Code under contract with a hospital district that was created by general or special law and that has a population under 50,000. The proposed amendment to the statute would change the applicable hospital district to one with a population of under 75,000 and would adjust the US Code reference to a different section.

The bill would take effect September 1, 2003 and would apply only to a cause of action that accrues on after that date.

Under the proposed change in population limit, the requirements of Subchapter F, Health and Safety Code, would continue to apply to a hospital district management contractor under a contract with a hospital district to which the existing population limit has applied, but the district's population has since exceeded 50,000. Additionally, a hospital district with a population of between 50,000 and 75,000 that did not previously have a population under 50,000 would now be affected by Subchapter F. Under Subchapter F, a hospital district management contractor and employees of the contractor, while performing services under contract for the benefit of the hospital, are considered to be employees of the hospital district for liability purposes.

Local Government Impact

Hospital districts to which the liability issue currently applies would experience no fiscal impact as a result of implementing the provisions of the bill; however, a district to which the liability issue would no longer apply without the adjustment in the population bracket, would have otherwise experienced a savings in liability insurance coverage.

Hospital districts that would become liable for actions of a hospital district management contractor and its employees as a result of the higher population bracket would experience an increase in liability insurance coverage.

The fiscal impact would vary by hospital district, depending on decisions made by the district with regard to liability coverage and the number of employees of the management contractor.

Source Agencies:

LBB Staff: JK, DLBa