

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

TO: Honorable Glenn Lewis, Chair, House Committee on County Affairs

FROM: John Keel, Director, Legislative Budget Board

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

No fiscal implication to the State is anticipated.

The bill would amend the Health and Safety Code to include in the definition of a hospital district management contractor, a nonprofit corporation that operates an acute care hospital in a hospital facility it leases from a hospital district that was created by general or special law and that provides indigent health care services under contract with the hospital district. The bill would also change the US Code referenced for defining a rural health network.

A hospital district management contractor and employees of the contractor, while performing services under a contract or a lease for the benefit of the hospital, would be considered employees of the hospital district for purposes of certain civil liabilities. The bill would take effect September 1, 2003.

Under current statute, only a nonprofit corporation, partnership, or sole proprietorship that manages a hospital or provides services as a part of a rural health network as defined by Section 1395i-4(g) of Chapter 42 of the US Code, that was created by general or special law, and has a population of under 50,000 is considered to be a hospital district management contractor. Existing law also pertains only to a hospital district management contractor performing services under contract, but not under lease.

By expanding the definition of a management contractor and by including services performed under a lease, the hospital district for which the management contractor and its employees provide services, would be civilly liable in additional circumstances than under current law.

Local Government Impact

Hospital districts would incur additional costs if a hospital district management contractor or its employees, while performing services for the district either through a contract or a lease agreement, were to cause damages for which a local government unit may be sued civilly. Costs of defending a lawsuit and paying damages if the lawsuit is lost by the district could be significant.

Source Agencies:

LBB Staff: JK, DLBa