

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 23, 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.), **Committee Report 2nd House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would define a "hospital district management contractor" as a nonprofit corporation, partnership, or sole proprietorship that manages or operates a hospital or provides services under contract with a municipality or under contract with a hospital district that was created by general or special law. In its role under one of those types of contracts, a hospital district management contractor and the contractor's employees would be considered a governmental unit for liability purposes under Chapter 108 of the Civil Practice and Remedies Code. Chapter 108 would be amended to include coverage of health care providers. The bill would take effect September 1, 2003 and would apply only to a suit filed on or after that date.

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. Under existing statute, the contractor and its employees are considered government employees for the purposes of liability under Chapters 102 and 103, Civil Practice and Remedies Code, but not under Chapter 108.

The proposed amendment to the statute would broaden the applicability of who is covered by the liability caps in Chapter 108.

**Local Government Impact**

The fiscal impact would vary by hospital district and municipality that contract with a management contractor. It is anticipated that the cost of premium coverage would be adjusted to reflect the additional damage awards caps and to reflect the additional persons to be covered.

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** JK, DLBa