

BILL ANALYSIS

H.B. 2162
By: Branch
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Before January 2005, all Health Related Institutions owning hospitals in Texas received General Revenue (GR) for their hospital operations. As such, the proportionality calculation of the institution's Group Insurance and benefits paid by the State – based on the proportion of General Revenue to total E&G used for salaries – includes fees generated at these State-owned hospitals.

Now, there are some health related institutions that *own* hospitals, which operate entirely from their own fees, since the institution receives no General Revenue for hospital operations. Under current law, fees generated at these hospitals, which are not generated with state support, would be included in the proportionality calculations to determine the portion of Group Insurance and benefits costs to be paid by the State. This reduces the proportion or percentage of General Revenue in the total funds received by the Institution. In essence, applied to this new situation, current law negatively impacts the Institution and could provide a major disincentive for institutions to acquire hospitals, even if it were at no new cost to the state and in the best interest of the state, students, and Texas patients.

This bill would amend the Education Code to address this new situation in order to be consistent with other current hospital arrangements. Without this change, any Health Related Institution that acquires a hospital or clinic in the future, at no new cost to the state and at no financial benefit to the Institution, would be penalized. If the institution owning the hospital were ever to begin receiving GR for hospital operations, then hospital fees would be considered E&G funds and revert back into the proportionality calculation - as is current law.

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

SECTION 1. States that hospital and clinic fees received by a clinical care facility, other than a facility that is operated using general revenue funds, that is administered by an institution of higher education may not be treated as a source of financing from outside general revenue fund appropriations in reference to a requirement in the General Appropriations Act that salaries, wages, and benefits of the employees of the institution be paid in proportion to the source of the funds from which the salary, wages, and benefits are paid. Makes conforming changes.

SECTION 2. States that Section 51.009, Education Code, as amended by this Act, applies to fees collected on or after the effective date of this Act. A fee collected before that date is governed by the law in effect when the fee is collected, and that law is continued in effect for that purpose.

SECTION 3. Effective date.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2005.