

By: Villarreal, Menendez, Flores, Corte,
et al.

H.B. No. 2463

A BILL TO BE ENTITLED

AN ACT

relating to the creation of a Medicaid health literacy pilot program and health care funding districts in certain counties and authorizing the districts to impose taxes on certain institutional health care providers located in the districts.

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

SECTION 1. Subtitle D, Title 4, Health and Safety Code, is amended by adding Chapters 288, 289, and 290 to read as follows:

CHAPTER 288. HEALTH CARE FUNDING DISTRICTS IN CERTAIN COUNTIES
LOCATED ON TEXAS-MEXICO BORDER THAT ARE ADJACENT TO COUNTIES WITH
POPULATION OF 50,000 OR MORE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 288.001. DEFINITIONS. In this chapter:

(1) "Commission" means the commission of a district created under this chapter.

(2) "District" means a county health care funding district created by this chapter.

(3) "District taxpayer" means a person or entity who has paid a tax imposed under this chapter.

(4) "Institutional health care provider" means a nonpublic hospital licensed under Chapter 241.

Sec. 288.002. CREATION OF DISTRICT. A district is created in each county located on the Texas-Mexico border that has a population of 500,000 or more and is adjacent to two or more

1 counties each of which has a population of 50,000 or more.

2 Sec. 288.003. DURATION OF DISTRICT. (a) Unless continued
3 in existence by the legislature, a district created by this chapter
4 is abolished September 1, 2007.

5 (b) Any money held by a district at the time the district is
6 abolished shall be used to pay any outstanding administrative
7 expenses of the district, and the commission shall direct the
8 secretary of the commission to return the pro rata share of any
9 remaining district money to each district taxpayer.

10 Sec. 288.004. POLITICAL SUBDIVISION. A district created by
11 this chapter is a political subdivision of this state.

12 Sec. 288.005. DISTRICT TERRITORY. The boundaries of each
13 district are coextensive with the boundaries of the county in which
14 the district is created.

15 [Sections 288.006-288.050 reserved for expansion]

16 SUBCHAPTER B. DISTRICT ADMINISTRATION

17 Sec. 288.051. COMMISSION; APPOINTMENT. (a) Each district
18 is governed by a commission of five members appointed as provided by
19 this section.

20 (b) Each county commissioner on the commissioners court of
21 the county in which the district is located shall appoint one member
22 who meets the qualifications prescribed by Section 288.052 to serve
23 on the commission. The county judge of the county shall appoint any
24 remaining members who meet the qualifications prescribed by Section
25 288.052 to serve on the commission.

26 Sec. 288.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
27 be eligible to serve as a member of the commission, a person must:

1 (1) be a United States citizen;

2 (2) be 18 years of age or older on the first day of the
3 term that the person is appointed to fill;

4 (3) have not been determined mentally incompetent by a
5 final judgment of a court;

6 (4) have not been finally convicted of a felony from
7 which the person has not been pardoned or otherwise released from
8 the resulting disabilities;

9 (5) have resided continuously in this state for 12
10 months and in the county in which the district is located for six
11 months immediately preceding the date of the appointment; and

12 (6) be a person knowledgeable in the field of health
13 care.

14 Sec. 288.053. TERM OF MEMBERS OF COMMISSION. The members of
15 the commission serve staggered two-year terms.

16 Sec. 288.054. VACANCY. (a) If a vacancy occurs on the
17 commission, the commissioners court of the county in which the
18 district is located shall appoint a qualified person to fill the
19 vacancy not later than the 30th day after the date the vacancy
20 occurs.

21 (b) If the commissioners court of the county in which the
22 district is located does not appoint a member to the commission to
23 fill a vacancy by the 30th day after the date the vacancy occurs,
24 the remaining members of the commission may, by vote of the
25 commission, appoint a replacement.

26 Sec. 288.055. OFFICERS. (a) Each commission shall elect a
27 chairperson and a secretary from among its members.

1 (b) The chairperson and secretary shall each serve in that
2 office until the expiration of their term as a member of the
3 commission.

4 Sec. 288.056. COMPENSATION; EXPENSES. A member of the
5 commission serves without compensation but may, on the approval of
6 the entire commission, be reimbursed for actual expenses incurred
7 in the performance of the member's official duties.

8 Sec. 288.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
9 commission may employ an attorney, financial advisor, and
10 bookkeeper for the district or contract for those services.

11 Sec. 288.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.
12 Except as otherwise provided by law, all district records,
13 including books, accounts, notices, minutes, and all other matters
14 of the district and the operation of its facilities, shall be:

15 (1) maintained at the district office; and

16 (2) open to public inspection at the district office
17 during reasonable hours.

18 [Sections 288.059-288.100 reserved for expansion]

19 SUBCHAPTER C. POWERS AND DUTIES

20 Sec. 288.101. LIMITATION ON TAXING AUTHORITY. Each
21 district may impose taxes only in the manner provided by this
22 chapter.

23 Sec. 288.102. MAJORITY VOTE REQUIRED. (a) A district may
24 not impose any tax authorized by this chapter, spend any money,
25 including for the administrative expenses of the district, or
26 conduct any other business of the commission without an affirmative
27 vote of a majority of the members of the commission.

1 (b) Before imposing a tax under this chapter in any one
2 year, the commission must obtain the affirmative vote required by
3 Subsection (a).

4 Sec. 288.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

5 (a) In addition to the majority vote required under Section
6 288.102, a district may not spend any money of the district unless
7 the district receives the approval of at least 95 percent of the
8 district taxpayers.

9 (b) This section does not apply to expenditures related to
10 the administrative matters of the district.

11 Sec. 288.104. RULES AND PROCEDURES. (a) The commission may
12 adopt rules governing the operation of the district, including
13 rules relating to the administration of a tax authorized by this
14 chapter.

15 (b) In order to implement the requirements of Sections
16 288.102 and 288.103, the commission shall adopt any necessary
17 procedures.

18 Sec. 288.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
19 The commission may prescribe the method and manner for making
20 purchases and expenditures by the district.

21 (b) The commission shall prescribe:

- 22 (1) all accounting and control procedures; and
23 (2) the method of purchasing necessary supplies,
24 materials, and equipment.

25 Sec. 288.106. INSTITUTIONAL HEALTH CARE PROVIDER
26 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
27 institutional health care provider to submit to the district a copy

1 of any financial and utilization data required by and reported to
2 the Department of State Health Services under Sections 311.032 and
3 311.033 and any rules adopted by the department to implement those
4 sections.

5 (b) A district may inspect the records of an institutional
6 health care provider to the extent necessary to ensure that the
7 provider has submitted all required data under this section.

8 Sec. 288.107. AUTHORITY TO SUE AND BE SUED. Each district
9 may sue and be sued in its own name in any court of this state as a
10 governmental agency.

11 [Sections 288.108-288.150 reserved for expansion]

12 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

13 Sec. 288.151. BUDGET. (a) Each year, the commission shall
14 prepare a budget for the following fiscal year that includes:

- 15 (1) proposed expenditures and disbursements;
16 (2) estimated receipts and collections; and
17 (3) the rates and amounts of any taxes that the
18 commission intends to impose during the year.

19 (b) The commission shall hold a public hearing on the
20 proposed budget. Not later than the 10th day before the date of the
21 hearing, the commission shall publish at least once notice of the
22 hearing in a newspaper of general circulation in the county in which
23 the district is located.

24 (c) Any district taxpayer is entitled to appear at the time
25 and place designated in the public notice and to be heard regarding
26 any item shown in the proposed budget.

27 Sec. 288.152. FISCAL YEAR. Each district's fiscal year

1 begins on September 1 and ends on August 31 of each year.

2 Sec. 288.153. ANNUAL AUDIT. (a) For each fiscal year, each
3 commission shall have an independent audit made of the district's
4 books and records.

5 (b) Not later than December 31 of each year, the audit made
6 for a district shall be filed with the comptroller and at the office
7 of the district.

8 Sec. 288.154. DEPOSITORY. (a) Each commission by
9 resolution shall designate one or more banks located in the
10 district as the depository for the district. A bank designated as
11 depository serves for two years or until a successor is designated.

12 (b) All income received by a district, including tax revenue
13 after deducting discounts and fees for assessing and collecting the
14 taxes, shall be deposited with the district depository and may be
15 withdrawn only as provided by this chapter.

16 (c) All district funds shall be secured in the manner
17 provided for securing county funds.

18 [Sections 288.155-288.200 reserved for expansion]

19 SUBCHAPTER E. TAXES

20 Sec. 288.201. TAX ON OUTPATIENT HOSPITAL SERVICES. (a) The
21 commission of a district may impose an annual tax to be assessed
22 quarterly on all outpatient hospital visits to an institutional
23 health care provider located in the district. In the first year in
24 which the tax is imposed, the tax is assessed on the total number of
25 outpatient hospital visits of an institutional health care provider
26 reported to the Department of State Health Services under Sections
27 311.032 and 311.033 in the fiscal year ending in 2003. The district

1 shall update this tax basis with the number of outpatient hospital
2 visits reported on a biennial basis.

3 (b) A tax imposed under this section must be imposed
4 uniformly on each institutional health care provider of outpatient
5 hospital services located in the district. A tax imposed under this
6 section also may not hold harmless any institutional health care
7 provider of outpatient hospital services, as required under 42
8 U.S.C. Section 1396b(w).

9 (c) The commission shall set the rate of the tax imposed
10 under this section. The rate may not exceed \$100 for each
11 outpatient hospital visit.

12 (d) Subject to the maximum tax rate prescribed by Subsection
13 (c), the commission shall set the rate of the tax at a rate that will
14 generate sufficient revenue to cover the administrative expenses of
15 the district, to fund the nonfederal share of a Medicaid
16 supplemental payment program, and to pay for indigent programs,
17 except that the amount of tax revenue used for administrative
18 expenses of the district in a year may not exceed the lesser of four
19 percent of the total revenue generated from the tax or \$20,000.

20 (e) An institutional health care provider may not add a tax
21 imposed under this section as a surcharge to a patient.

22 (f) An institutional health care provider that is a hospital
23 that primarily treats patients with mental illness is exempt from a
24 tax imposed by this section.

25 Sec. 288.202. ASSESSMENT AND COLLECTION OF TAXES. (a)
26 Except as provided by Subsection (b), the county tax
27 assessor-collector shall collect a tax imposed under this

1 subchapter unless the commission employs a tax assessor and
2 collector for the district. The county tax assessor-collector
3 shall charge and deduct from taxes collected for the district a fee
4 for collecting the tax in an amount determined by the commission,
5 not to exceed the county tax assessor-collector's usual and
6 customary charges for the collection of similar taxes.

7 (b) If determined by the commission to be appropriate, the
8 commission may contract for the assessment and collection of taxes
9 in the manner provided by Title 1, Tax Code, for the assessment and
10 collection of ad valorem taxes.

11 (c) Revenue from a fee charged by a county tax
12 assessor-collector for collecting the tax shall be deposited in the
13 county general fund and, if appropriate, shall be reported as fees
14 of the county tax assessor-collector.

15 Sec. 288.203. USE OF TAX REVENUE. Revenue generated by a
16 district from a tax imposed under this subchapter may be used only
17 to:

18 (1) provide the nonfederal share of a Medicaid
19 supplemental payment program;

20 (2) subsidize indigent health care services; and

21 (3) pay administrative expenses of the district.

22 Sec. 288.204. INTEREST, PENALTIES, AND DISCOUNTS.
23 Interest, penalties, and discounts on taxes imposed under this
24 subchapter are governed by the law applicable to county ad valorem
25 taxes.

1 CHAPTER 289. COUNTY HEALTH CARE FUNDING DISTRICTS IN CERTAIN
2 COUNTIES LOCATED ON TEXAS-MEXICO BORDER THAT HAVE POPULATION OF
3 LESS THAN 200,000

4 SUBCHAPTER A. GENERAL PROVISIONS

5 Sec. 289.001. DEFINITIONS. In this chapter:

6 (1) "Commission" means the commission of a district
7 created under this chapter.

8 (2) "District" means a county health care funding
9 district created by this chapter.

10 (3) "District taxpayer" means a person or entity who
11 has paid a tax imposed under this chapter.

12 (4) "Institutional health care provider" means a
13 nonpublic hospital licensed under Chapter 241.

14 Sec. 289.002. CREATION OF DISTRICT. A district is created
15 in each county located on the Texas-Mexico border that has a
16 population of less than 200,000 and contains one or more
17 municipalities with a population of 100,000 or more.

18 Sec. 289.003. DURATION OF DISTRICT. (a) Unless continued
19 in existence by the legislature, a district created by this chapter
20 is abolished September 1, 2007.

21 (b) Any money held by a district at the time the district is
22 abolished shall be used to pay any outstanding administrative
23 expenses of the district, and the commission shall direct the
24 secretary of the commission to return the pro rata share of any
25 remaining district money to each district taxpayer.

26 Sec. 289.004. POLITICAL SUBDIVISION. A district created by
27 this chapter is a political subdivision of this state.

1 Sec. 289.005. DISTRICT TERRITORY. The boundaries of each
2 district are coextensive with the boundaries of the county in which
3 the district is created.

4 [Sections 289.006-289.050 reserved for expansion]

5 SUBCHAPTER B. DISTRICT ADMINISTRATION

6 Sec. 289.051. COMMISSION; APPOINTMENT. (a) Each district
7 is governed by a commission of five members appointed as provided by
8 this section.

9 (b) Each county commissioner on the commissioners court of
10 the county in which the district is located shall appoint any
11 remaining members who meet the qualifications prescribed by Section
12 289.052 to serve on the commission. The county judge of the county
13 shall appoint one member who meets the qualifications prescribed by
14 Section 289.052 to serve on the commission.

15 Sec. 289.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
16 be eligible to serve as a member of the commission, a person must:

17 (1) be a United States citizen;

18 (2) be 18 years of age or older on the first day of the
19 term that the person is appointed to fill;

20 (3) have not been determined mentally incompetent by a
21 final judgment of a court;

22 (4) have not been finally convicted of a felony from
23 which the person has not been pardoned or otherwise released from
24 the resulting disabilities;

25 (5) have resided continuously in this state for 12
26 months and in the county in which the district is located for six
27 months immediately preceding the date of the appointment; and

1 (6) be a person knowledgeable in the field of health
2 care.

3 Sec. 289.053. TERM OF MEMBERS OF COMMISSION. The members of
4 the commission serve staggered two-year terms.

5 Sec. 289.054. VACANCY. (a) If a vacancy occurs on the
6 commission, the commissioners court of the county in which the
7 district is located shall appoint a qualified person to fill the
8 vacancy not later than the 30th day after the date the vacancy
9 occurs.

10 (b) If the commissioners court of the county in which the
11 district is located does not appoint a member to the commission to
12 fill a vacancy by the 30th day after the date the vacancy occurs,
13 the remaining members of the commission may, by vote of the
14 commission, appoint a replacement.

15 Sec. 289.055. OFFICERS. (a) Each commission shall elect a
16 chairperson and a secretary from among its members.

17 (b) The chairperson and secretary shall each serve in that
18 office until the expiration of their term as a member of the
19 commission.

20 Sec. 289.056. COMPENSATION; EXPENSES. A member of the
21 commission serves without compensation but may, on the approval of
22 the entire commission, be reimbursed for actual expenses incurred
23 in the performance of the member's official duties.

24 Sec. 289.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
25 commission may employ an attorney, financial advisor, and
26 bookkeeper for the district or contract for those services.

27 Sec. 289.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.

1 Except as otherwise provided by law, all district records,
2 including books, accounts, notices, minutes, and all other matters
3 of the district and the operation of its facilities, shall be:

4 (1) maintained at the district office; and

5 (2) open to public inspection at the district office
6 during reasonable hours.

7 [Sections 289.059-289.100 reserved for expansion]

8 SUBCHAPTER C. POWERS AND DUTIES

9 Sec. 289.101. LIMITATION ON TAXING AUTHORITY. Each
10 district may impose taxes only in the manner provided by this
11 chapter.

12 Sec. 289.102. MAJORITY VOTE REQUIRED. (a) A district may
13 not impose any tax authorized by this chapter, spend any money,
14 including for the administrative expenses of the district, or
15 conduct any other business of the commission without an affirmative
16 vote of a majority of the members of the commission.

17 (b) Before imposing a tax under this chapter in any one
18 year, the commission must obtain the affirmative vote required by
19 Subsection (a).

20 Sec. 289.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

21 (a) In addition to the majority vote required under Section
22 289.102, a district may not spend any money of the district unless
23 the district receives the approval of at least 95 percent of the
24 district taxpayers.

25 (b) This section does not apply to expenditures related to
26 the administrative matters of the district.

27 Sec. 289.104. RULES AND PROCEDURES. (a) The commission may

1 adopt rules governing the operation of the district, including
2 rules relating to the administration of a tax authorized by this
3 chapter.

4 (b) In order to implement the requirements of Sections
5 289.102 and 289.103, the commission shall adopt any necessary
6 procedures.

7 Sec. 289.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
8 The commission may prescribe the method and manner for making
9 purchases and expenditures by the district.

10 (b) The commission shall prescribe:

11 (1) all accounting and control procedures; and

12 (2) the method of purchasing necessary supplies,
13 materials, and equipment.

14 Sec. 289.106. INSTITUTIONAL HEALTH CARE PROVIDER
15 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
16 institutional health care provider to submit to the district a copy
17 of any financial and utilization data required by and reported to
18 the Department of State Health Services under Sections 311.032 and
19 311.033 and any rules adopted by the department to implement those
20 sections.

21 (b) A district may inspect the records of an institutional
22 health care provider to the extent necessary to ensure that the
23 provider has submitted all required data under this section.

24 Sec. 289.107. AUTHORITY TO SUE AND BE SUED. Each district
25 may sue and be sued in its own name in any court of this state as a
26 governmental agency.

27 [Sections 289.108-289.150 reserved for expansion]

1 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

2 Sec. 289.151. BUDGET. (a) Each year, the commission shall
3 prepare a budget for the following fiscal year that includes:

4 (1) proposed expenditures and disbursements;

5 (2) estimated receipts and collections; and

6 (3) the rates and amounts of any taxes that the
7 commission intends to impose during the year.

8 (b) The commission shall hold a public hearing on the
9 proposed budget. Not later than the 10th day before the date of the
10 hearing, the commission shall publish at least once notice of the
11 hearing in a newspaper of general circulation in the county in which
12 the district is located.

13 (c) Any district taxpayer is entitled to appear at the time
14 and place designated in the public notice and to be heard regarding
15 any item shown in the proposed budget.

16 Sec. 289.152. FISCAL YEAR. Each district's fiscal year
17 begins on September 1 and ends on August 31 of each year.

18 Sec. 289.153. ANNUAL AUDIT. (a) For each fiscal year, each
19 commission shall have an independent audit made of the district's
20 books and records.

21 (b) Not later than December 31 of each year, the audit made
22 for a district shall be filed with the comptroller and at the office
23 of the district.

24 Sec. 289.154. DEPOSITORY. (a) Each commission by
25 resolution shall designate one or more banks located in the
26 district as the depository for the district. A bank designated as
27 depository serves for two years or until a successor is designated.

1 (b) All income received by a district, including tax revenue
2 after deducting discounts and fees for assessing and collecting the
3 taxes, shall be deposited with the district depository and may be
4 withdrawn only as provided by this chapter.

5 (c) All district funds shall be secured in the manner
6 provided for securing county funds.

7 [Sections 289.155-289.200 reserved for expansion]

8 SUBCHAPTER E. TAXES

9 Sec. 289.201. TAX ON OUTPATIENT SERVICES. (a) The
10 commission of a district may impose an annual tax to be assessed
11 quarterly on all outpatient hospital visits to an institutional
12 health care provider located in the district. In the first year in
13 which the tax is imposed, the tax is assessed on the total number of
14 outpatient hospital visits of an institutional health care provider
15 reported to the Department of State Health Services under Sections
16 311.032 and 311.033 in the fiscal year ending in 2003. The district
17 shall update this tax basis with the number of outpatient hospital
18 visits reported on a biennial basis.

19 (b) A tax imposed under this section must be imposed
20 uniformly on each institutional health care provider of outpatient
21 hospital services located in the district. A tax imposed under this
22 section also may not hold harmless any institutional health care
23 provider of outpatient hospital services, as required under 42
24 U.S.C. Section 1396b(w).

25 (c) The commission shall set the rate of the tax imposed
26 under this section. The rate may not exceed \$100 for each
27 outpatient hospital visit.

1 (d) Subject to the maximum tax rate prescribed by Subsection
2 (c), the commission shall set the rate of the tax at a rate that will
3 generate sufficient revenue to cover the administrative expenses of
4 the district, to fund the nonfederal share of a Medicaid
5 supplemental payment program, and to pay for indigent programs,
6 except that the amount of tax revenue used for administrative
7 expenses of the district in a year may not exceed the lesser of four
8 percent of the total revenue generated from the tax or \$20,000.

9 (e) An institutional health care provider may not add a tax
10 imposed under this section as a surcharge to a patient.

11 (f) An institutional health care provider that is a hospital
12 that primarily treats patients with mental illness is exempt from a
13 tax imposed by this section.

14 Sec. 289.202. ASSESSMENT AND COLLECTION OF TAXES. (a)
15 Except as provided by Subsection (b), the county tax
16 assessor-collector shall collect a tax imposed under this
17 subchapter unless the commission employs a tax assessor and
18 collector for the district. The county tax assessor-collector
19 shall charge and deduct from taxes collected for the district a fee
20 for collecting the tax in an amount determined by the commission,
21 not to exceed the county tax assessor-collector's usual and
22 customary charges for the collection of similar taxes.

23 (b) If determined by the commission to be appropriate, the
24 commission may contract for the assessment and collection of taxes
25 in the manner provided by Title 1, Tax Code, for the assessment and
26 collection of ad valorem taxes.

27 (c) Revenue from a fee charged by a county tax

1 assessor-collector for collecting the tax shall be deposited in the
2 county general fund and, if appropriate, shall be reported as fees
3 of the county tax assessor-collector.

4 Sec. 289.203. USE OF TAX REVENUE. Revenue generated by a
5 district from a tax imposed under this subchapter may be used only
6 to:

7 (1) provide the nonfederal share of a Medicaid
8 supplemental payment program;

9 (2) subsidize indigent programs; and

10 (3) pay administrative expenses of the district.

11 Sec. 289.204. INTEREST, PENALTIES, AND DISCOUNTS.
12 Interest, penalties, and discounts on taxes imposed under this
13 subchapter are governed by the law applicable to county ad valorem
14 taxes.

15 CHAPTER 290. COUNTY HEALTH CARE FUNDING DISTRICTS IN CERTAIN
16 COUNTIES WITH POPULATION OF 1.4 MILLION OR LESS

17 SUBCHAPTER A. GENERAL PROVISIONS

18 Sec. 290.001. DEFINITIONS. In this chapter:

19 (1) "Commission" means the commission of a district
20 created under this chapter.

21 (2) "District" means a county health care funding
22 district created by this chapter.

23 (3) "District taxpayer" means a person or entity who
24 has paid a tax imposed under this chapter.

25 (4) "Institutional health care provider" means a
26 nonpublic hospital licensed under Chapter 241.

27 Sec. 290.002. CREATION OF DISTRICT. A district is created

1 in each county that has a population of 1.4 million or less and in
2 which a municipality with a population of 1.1 million or more is
3 predominantly located.

4 Sec. 290.003. DURATION OF DISTRICT. (a) Unless continued
5 in existence by the legislature, a district created by this chapter
6 is abolished September 1, 2007.

7 (b) Any money held by a district at the time the district is
8 abolished shall be used to pay any outstanding administrative
9 expenses of the district, and the commission shall direct the
10 secretary of the commission to return the pro rata share of any
11 remaining district money to each district taxpayer.

12 Sec. 290.004. POLITICAL SUBDIVISION. A district created by
13 this chapter is a political subdivision of this state.

14 Sec. 290.005. DISTRICT TERRITORY. The boundaries of each
15 district are coextensive with the boundaries of the county in which
16 the district is created.

17 [Sections 290.006-290.050 reserved for expansion]

18 SUBCHAPTER B. DISTRICT ADMINISTRATION

19 Sec. 290.051. COMMISSION; APPOINTMENT. (a) Each district
20 is governed by a commission of five members appointed as provided by
21 this section.

22 (b) Each county commissioner on the commissioners court of
23 the county in which the district is located shall appoint one member
24 who meets the qualifications prescribed by Section 290.052 to serve
25 on the commission. The county judge of the county shall appoint any
26 remaining members who meet the qualifications prescribed by Section
27 290.052 to serve on the commission.

1 Sec. 290.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
2 be eligible to serve as a member of the commission, a person must:

3 (1) be a United States citizen;

4 (2) be 18 years of age or older on the first day of the
5 term that the person is appointed to fill;

6 (3) have not been determined mentally incompetent by a
7 final judgment of a court;

8 (4) have not been finally convicted of a felony from
9 which the person has not been pardoned or otherwise released from
10 the resulting disabilities;

11 (5) have resided continuously in this state for 12
12 months and in the county in which the district is located for six
13 months immediately preceding the date of the appointment; and

14 (6) be a person knowledgeable in the field of health
15 care.

16 Sec. 290.053. TERM OF MEMBERS OF COMMISSION. The members of
17 the commission serve staggered two-year terms.

18 Sec. 290.054. VACANCY. (a) If a vacancy occurs on the
19 commission, the commissioners court of the county in which the
20 district is located shall appoint a qualified person to fill the
21 vacancy not later than the 30th day after the date the vacancy
22 occurs.

23 (b) If the commissioners court of the county in which the
24 district is located does not appoint a member to the commission to
25 fill a vacancy by the 30th day after the date the vacancy occurs,
26 the remaining members of the commission may, by vote of the
27 commission, appoint a replacement.

1 Sec. 290.055. OFFICERS. (a) Each commission shall elect a
2 chairperson and a secretary from among its members.

3 (b) The chairperson and secretary shall each serve in that
4 office until the expiration of their term as a member of the
5 commission.

6 Sec. 290.056. COMPENSATION; EXPENSES. A member of the
7 commission serves without compensation but may, on the approval of
8 the entire commission, be reimbursed for actual expenses incurred
9 in the performance of the member's official duties.

10 Sec. 290.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
11 commission may employ an attorney, financial advisor, and
12 bookkeeper for the district or contract for those services.

13 Sec. 290.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.
14 Except as otherwise provided by law, all district records,
15 including books, accounts, notices, minutes, and all other matters
16 of the district and the operation of its facilities, shall be:

17 (1) maintained at the district office; and

18 (2) open to public inspection at the district office
19 during reasonable hours.

20 [Sections 290.059-290.100 reserved for expansion]

21 SUBCHAPTER C. POWERS AND DUTIES

22 Sec. 290.101. LIMITATION ON TAXING AUTHORITY. Each
23 district may impose taxes only in the manner provided by this
24 chapter.

25 Sec. 290.102. MAJORITY VOTE REQUIRED. (a) A district may
26 not impose any tax authorized by this chapter, spend any money,
27 including for the administrative expenses of the district, or

1 conduct any other business of the commission without an affirmative
2 vote of a majority of the members of the commission.

3 (b) Before imposing a tax under this chapter in any one
4 year, the commission must obtain the affirmative vote required by
5 Subsection (a).

6 Sec. 290.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

7 (a) In addition to the majority vote required under Section
8 290.102, a district may not spend any money of the district unless
9 the district receives the approval of at least 95 percent of the
10 district taxpayers.

11 (b) This section does not apply to expenditures related to
12 the administrative matters of the district.

13 Sec. 290.104. RULES AND PROCEDURES. (a) The commission may
14 adopt rules governing the operation of the district, including
15 rules relating to the administration of a tax authorized by this
16 chapter.

17 (b) In order to implement the requirements of Sections
18 290.102 and 290.103, the commission shall adopt any necessary
19 procedures.

20 Sec. 290.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
21 The commission may prescribe the method and manner for making
22 purchases and expenditures by the district.

23 (b) The commission shall prescribe:

24 (1) all accounting and control procedures; and

25 (2) the method of purchasing necessary supplies,
26 materials, and equipment.

27 Sec. 290.106. INSTITUTIONAL HEALTH CARE PROVIDER

1 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
2 institutional health care provider to submit to the district a copy
3 of any financial and utilization data required by and reported to
4 the Department of State Health Services under Sections 311.032 and
5 311.033 and any rules adopted by the department to implement those
6 sections.

7 (b) A district may inspect the records of an institutional
8 health care provider to the extent necessary to ensure that the
9 provider has submitted all required data under this section.

10 Sec. 290.107. AUTHORITY TO SUE AND BE SUED. Each district
11 may sue and be sued in its own name in any court of this state as a
12 governmental agency.

13 [Sections 290.108-290.150 reserved for expansion]

14 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

15 Sec. 290.151. BUDGET. (a) Each year, the commission shall
16 prepare a budget for the following fiscal year that includes:

- 17 (1) proposed expenditures and disbursements;
18 (2) estimated receipts and collections; and
19 (3) the rates and amounts of any taxes that the
20 commission intends to impose during the year.

21 (b) The commission shall hold a public hearing on the
22 proposed budget. Not later than the 10th day before the date of the
23 hearing, the commission shall publish at least once notice of the
24 hearing in a newspaper of general circulation in the county in which
25 the district is located.

26 (c) Any district taxpayer is entitled to appear at the time
27 and place designated in the public notice and to be heard regarding

1 any item shown in the proposed budget.

2 Sec. 290.152. FISCAL YEAR. Each district's fiscal year
3 begins on September 1 and ends on August 31 of each year.

4 Sec. 290.153. ANNUAL AUDIT. (a) For each fiscal year, each
5 commission shall have an independent audit made of the district's
6 books and records.

7 (b) Not later than December 31 of each year, the audit made
8 for a district shall be filed with the comptroller and at the office
9 of the district.

10 Sec. 290.154. DEPOSITORY. (a) Each commission by
11 resolution shall designate one or more banks located in the
12 district as the depository for the district. A bank designated as
13 depository serves for two years or until a successor is designated.

14 (b) All income received by a district, including tax revenue
15 after deducting discounts and fees for assessing and collecting the
16 taxes, shall be deposited with the district depository and may be
17 withdrawn only as provided by this chapter.

18 (c) All district funds shall be secured in the manner
19 provided for securing county funds.

20 [Sections 290.155-290.200 reserved for expansion]

21 SUBCHAPTER E. TAXES

22 Sec. 290.201. TAX ON EMERGENCY ROOM SERVICES. (a) The
23 commission of a district may impose an annual tax to be assessed
24 quarterly on all emergency room visits to an institutional health
25 care provider located in the district. In the first year in which
26 the tax is imposed, the tax is assessed on the total number of
27 emergency room visits of an institutional health care provider

1 reported to the Department of State Health Services under Sections
2 311.032 and 311.033 in the fiscal year ending in 2003. The district
3 shall update this tax basis with the number of emergency room visits
4 reported on a biennial basis.

5 (b) A tax imposed under this section must be imposed
6 uniformly on each institutional health care provider of emergency
7 room services located in the district. A tax imposed under this
8 section also may not hold harmless any institutional health care
9 provider of emergency room services, as required under 42 U.S.C.
10 Section 1396b(w).

11 (c) The commission shall set the rate of the tax imposed
12 under this section. The rate may not exceed \$100 for each emergency
13 room visit.

14 (d) Subject to the maximum tax rate prescribed by Subsection
15 (c), the commission shall set the rate of the tax at a rate that will
16 generate sufficient revenue to cover the administrative expenses of
17 the district, to fund the nonfederal share of a Medicaid
18 supplemental payment program, and to pay for indigent programs,
19 except that the amount of tax revenue used for administrative
20 expenses of the district in a year may not exceed the lesser of four
21 percent of the total revenue generated from the tax or \$20,000.

22 (e) An institutional health care provider may not add a tax
23 imposed under this section as a surcharge to a patient.

24 (f) An institutional health care provider that is a hospital
25 that primarily treats patients with mental illness is exempted from
26 a tax imposed by this section.

27 Sec. 290.202. ASSESSMENT AND COLLECTION OF TAXES. (a)

1 Except as provided by Subsection (b), the county tax
2 assessor-collector shall collect any tax imposed under this
3 subchapter unless the commission employs a tax assessor and
4 collector for the district. The county tax assessor-collector
5 shall charge and deduct from taxes collected for the district a fee
6 for collecting the tax in an amount determined by the commission,
7 not to exceed the county tax assessor-collector's usual and
8 customary charges for the collection of similar taxes.

9 (b) If determined by the commission to be appropriate, the
10 commission may contract for the assessment and collection of taxes
11 in the manner provided by Title 1, Tax Code, for the assessment and
12 collection of ad valorem taxes.

13 (c) Revenue from a fee charged by a county tax
14 assessor-collector for collecting the tax shall be deposited in the
15 county general fund and, if appropriate, shall be reported as fees
16 of the county tax assessor-collector.

17 Sec. 290.203. USE OF TAX REVENUE. Revenue generated by a
18 district from a tax imposed under this subchapter may be used only
19 to:

20 (1) provide the nonfederal share of a Medicaid
21 supplemental payment program;

22 (2) subsidize indigent programs; and

23 (3) pay administrative expenses of the district.

24 Sec. 290.204. INTEREST, PENALTIES, AND DISCOUNTS.
25 Interest, penalties, and discounts on taxes imposed under this
26 subchapter are governed by the law applicable to county ad valorem
27 taxes.

1 SECTION 2. (a) Subchapter B, Chapter 531, Government Code,
2 is amended by adding Section 531.0316 to read as follows:

3 Sec. 531.0316. MEDICAID HEALTH LITERACY PILOT PROGRAM. (a)
4 In order to prevent unnecessary emergency room visits and health
5 costs for Medicaid recipients, the commission shall develop and
6 implement a Medicaid health literacy pilot program in Bexar County
7 under which Medicaid recipients with young children receive health
8 information materials and training designed to improve their health
9 care decision-making.

10 (b) The pilot program must:

11 (1) establish a statistically significant test group
12 and control group of Medicaid recipients with young children; and

13 (2) provide the test group with health information
14 materials in English and Spanish that:

15 (A) are developed with consideration of the
16 literacy level of the test group; and

17 (B) provide the test group with information to
18 guide their health care decisions, including information about
19 common health problems, prevention, home treatment, and
20 circumstances in which it is appropriate to contact a health care
21 professional.

22 (c) The commission shall establish the pilot program
23 through a local governmental entity in Bexar County that chooses to
24 participate. The commission shall request participation by the
25 Bexar County Hospital District with the hospital district's
26 subsidiary, Community First Health Plans.

27 (d) The commission shall ensure that the pilot program is

1 financed using:

2 (1) money provided to the commission for purposes of
3 the program by the participating local governmental entity to
4 maximize federal matching money under the medical assistance
5 program; and

6 (2) any corresponding federal matching money.

7 (e) The participating local governmental entity may provide
8 money to the commission by certification or intergovernmental
9 transfer to finance the pilot program as described by Subsection
10 (d)(1).

11 (f) Not later than January 1, 2007, the commission shall
12 evaluate the pilot program and report to the 80th Legislature on the
13 effectiveness of the program and the feasibility of expanding the
14 program statewide.

15 (g) This section expires September 1, 2009.

16 (b) If before implementing any provision of this section a
17 state agency determines that a waiver or authorization from a
18 federal agency is necessary for implementation of that provision,
19 the agency affected by the provision shall request the waiver or
20 authorization and may delay implementing that provision until the
21 waiver or authorization is granted.

22 SECTION 3. (a) Not later than October 1, 2005:

23 (1) the commissioners court of each county to which
24 Chapter 288, Health and Safety Code, as added by this Act, applies
25 shall each appoint the initial members of a commission in
26 accordance with Section 288.051, Health and Safety Code, as added
27 by this Act, for a county health care funding district created by

1 Chapter 288, Health and Safety Code, as added by this Act, in that
2 county;

3 (2) the commissioners court of each county to which
4 Chapter 289, Health and Safety Code, as added by this Act, applies
5 shall each appoint the initial members of a commission in
6 accordance with Section 289.051, Health and Safety Code, as added
7 by this Act, for a county health care funding district created by
8 Chapter 289, Health and Safety Code, as added by this Act, in that
9 county; and

10 (3) the commissioners court of each county to which
11 Chapter 290, Health and Safety Code, as added by this Act, applies
12 shall each appoint the initial members of a commission in
13 accordance with Section 290.051, Health and Safety Code, as added
14 by this Act, for a county health care funding district created by
15 Chapter 290, Health and Safety Code, as added by this Act, in that
16 county.

17 (b) For each county health care funding district created by
18 Chapters 288, 289, and 290, Health and Safety Code, as added by this
19 Act, the initial commission members appointed under Subsection (a)
20 of this section shall draw lots to determine which two commission
21 members shall serve one-year terms and which three commission
22 members shall serve two-year terms.

23 SECTION 4. This Act takes effect immediately if it receives
24 a vote of two-thirds of all the members elected to each house, as
25 provided by Section 39, Article III, Texas Constitution. If this
26 Act does not receive the vote necessary for immediate effect, this
27 Act takes effect September 1, 2005.