

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 Sec. 288.202. ASSESSMENT AND COLLECTION OF TAXES. (a)  
23 Except as provided by Subsection (b), the county tax  
24 assessor-collector shall collect a tax imposed under this  
25 subchapter unless the commission employs a tax assessor and  
26 collector for the district. The county tax assessor-collector  
27 shall charge and deduct from taxes collected for the district a fee



1 for collecting the tax in an amount determined by the commission,  
2 not to exceed the county tax assessor-collector's usual and  
3 customary charges for the collection of similar taxes.

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

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

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

15 (1) provide the nonfederal share of a Medicaid  
16 supplemental payment program;

17 (2) subsidize indigent programs; and

18 (3) pay administrative expenses of the district.

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

23 Sec. 288.205. PURPOSE; CORRECTION OF INVALID PROVISION OR  
24 PROCEDURE. (a) The purpose of this chapter is to generate revenue  
25 from a tax imposed by the district to provide the nonfederal share  
26 of a Medicaid supplemental payment program.

27 (b) To the extent any provision or procedure under this

1 chapter causes a tax under this chapter to be ineligible for federal  
2 matching funds, the district may provide by rule for an alternative  
3 provision or procedure that conforms to the requirements of the  
4 federal Centers for Medicare and Medicaid Services.

5 Sec. 288.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR  
6 PROCEDURES. (a) In order to amend any provision or procedure set  
7 out in this chapter, the district must obtain the approval of at  
8 least 95 percent of the institutional health care providers  
9 potentially subject to the tax.

10 (b) This section does not apply to rules or procedures  
11 related to the daily administrative matters of the district.

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

15 SUBCHAPTER A. GENERAL PROVISIONS

16 Sec. 289.001. DEFINITIONS. In this chapter:

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

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

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

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

25 Sec. 289.002. CREATION OF DISTRICT. A district is created  
26 in each county located on the Texas-Mexico border that has a  
27 population of less than 200,000 and contains one or more

1 municipalities with a population of 100,000 or more.

2 Sec. 289.003. 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. 289.004. POLITICAL SUBDIVISION. A district created by  
11 this chapter is a political subdivision of this state.

12 Sec. 289.005. 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 289.006-289.050 reserved for expansion]

16 SUBCHAPTER B. DISTRICT ADMINISTRATION

17 Sec. 289.051. 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 289.052 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  
25 289.052 to serve on the commission.

26 Sec. 289.052. 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. 289.053. TERM OF MEMBERS OF COMMISSION. The members of  
15 the commission serve staggered two-year terms.

16           Sec. 289.054. 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. 289.055. 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. 289.056. 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. 289.057. 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. 289.058. 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 289.059-289.100 reserved for expansion]

19             SUBCHAPTER C. POWERS AND DUTIES

20       Sec. 289.101. LIMITATION ON TAXING AUTHORITY. Each  
21 district may impose taxes only in the manner provided by this  
22 chapter.

23       Sec. 289.102. 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. 289.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

5       (a) In addition to the majority vote required under Section  
6 289.102, 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. 289.104. 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  
16 289.102 and 289.103, the commission shall adopt any necessary  
17 procedures.

18       Sec. 289.105. 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. 289.106. 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. 289.107. 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 289.108-289.150 reserved for expansion]

12 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

13 Sec. 289.151. 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. 289.152. FISCAL YEAR. Each district's fiscal year

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

2 Sec. 289.153. 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. 289.154. 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 289.155-289.200 reserved for expansion]

19 SUBCHAPTER E. TAXES

20 Sec. 289.201. TAX ON OUTPATIENT 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 Sec. 289.202. ASSESSMENT AND COLLECTION OF TAXES. (a)  
23 Except as provided by Subsection (b), the county tax  
24 assessor-collector shall collect a tax imposed under this  
25 subchapter unless the commission employs a tax assessor and  
26 collector for the district. The county tax assessor-collector  
27 shall charge and deduct from taxes collected for the district a fee

1 for collecting the tax in an amount determined by the commission,  
2 not to exceed the county tax assessor-collector's usual and  
3 customary charges for the collection of similar taxes.

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

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

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

15 (1) provide the nonfederal share of a Medicaid  
16 supplemental payment program;

17 (2) subsidize indigent programs; and

18 (3) pay administrative expenses of the district.

19 Sec. 289.204. INTEREST, PENALTIES, AND DISCOUNTS.  
20 Interest, penalties, and discounts on taxes imposed under this  
21 subchapter are governed by the law applicable to county ad valorem  
22 taxes.

23 Sec. 289.205. PURPOSE; CORRECTION OF INVALID PROVISION OR  
24 PROCEDURE. (a) The purpose of this chapter is to generate revenue  
25 from a tax imposed by the district to provide the nonfederal share  
26 of a Medicaid supplemental payment program.

27 (b) To the extent any provision or procedure under this

1 chapter causes a tax under this chapter to be ineligible for federal  
2 matching funds, the district may provide by rule for an alternative  
3 provision or procedure that conforms to the requirements of the  
4 federal Centers for Medicare and Medicaid Services.

5 Sec. 289.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR  
6 PROCEDURES. (a) In order to amend any provision or procedure set  
7 out in this chapter, the district must obtain the approval of at  
8 least 95 percent of the institutional health care providers  
9 potentially subject to the tax.

10 (b) This section does not apply to rules or procedures  
11 related to the daily administrative matters of the district.

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

14 SUBCHAPTER A. GENERAL PROVISIONS

15 Sec. 290.001. DEFINITIONS. In this chapter:

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

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

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

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

24 Sec. 290.002. CREATION OF DISTRICT. A district is created  
25 in each county that has a population of 1.4 million or less and in  
26 which a municipality with a population of 1.1 million or more is  
27 predominantly located.

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

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

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

11       Sec. 290.005. DISTRICT TERRITORY. The boundaries of each  
12 district are coextensive with the boundaries of the county in which  
13 the district is created.

14       [Sections 290.006-290.050 reserved for expansion]

15               SUBCHAPTER B. DISTRICT ADMINISTRATION

16       Sec. 290.051. COMMISSION; APPOINTMENT. (a) Each district  
17 is governed by a commission of five members appointed as provided by  
18 this section.

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

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

- 27               (1) be a United States citizen;

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

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

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

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

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

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

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

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

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

27           (b) The chairperson and secretary shall each serve in that

1 office until the expiration of their term as a member of the  
2 commission.

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

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

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

- 14 (1) maintained at the district office; and  
15 (2) open to public inspection at the district office  
16 during reasonable hours.

17 [Sections 290.059-290.100 reserved for expansion]

18 SUBCHAPTER C. POWERS AND DUTIES

19 Sec. 290.101. LIMITATION ON TAXING AUTHORITY. Each  
20 district may impose taxes only in the manner provided by this  
21 chapter.

22 Sec. 290.102. MAJORITY VOTE REQUIRED. (a) A district may  
23 not impose any tax authorized by this chapter, spend any money,  
24 including for the administrative expenses of the district, or  
25 conduct any other business of the commission without an affirmative  
26 vote of a majority of the members of the commission.

27 (b) Before imposing a tax under this chapter in any one

1 year, the commission must obtain the affirmative vote required by  
2 Subsection (a).

3 Sec. 290.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

4 (a) In addition to the majority vote required under Section  
5 290.102, a district may not spend any money of the district unless  
6 the district receives the approval of at least 95 percent of the  
7 district taxpayers.

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

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

14 (b) In order to implement the requirements of Sections  
15 290.102 and 290.103, the commission shall adopt any necessary  
16 procedures.

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

20 (b) The commission shall prescribe:

21 (1) all accounting and control procedures; and

22 (2) the method of purchasing necessary supplies,  
23 materials, and equipment.

24 Sec. 290.106. INSTITUTIONAL HEALTH CARE PROVIDER  
25 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an  
26 institutional health care provider to submit to the district a copy  
27 of any financial and utilization data required by and reported to

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

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

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

10 [Sections 290.108-290.150 reserved for expansion]

11 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

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

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

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

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

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



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

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

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

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

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

17       [Sections 290.155-290.200 reserved for expansion]

18                               SUBCHAPTER E. TAXES

19       Sec. 290.201. TAX ON EMERGENCY ROOM SERVICES. (a) The  
20 commission of a district may impose an annual tax to be assessed  
21 quarterly on all emergency room visits to an institutional health  
22 care provider located in the district. In the first year in which  
23 the tax is imposed, the tax is assessed on the total number of  
24 emergency room visits of an institutional health care provider  
25 reported to the Department of State Health Services under Sections  
26 311.032 and 311.033 in the fiscal year ending in 2003. The district  
27 shall update this tax basis with the number of emergency room visits

1 reported on a biennial basis.

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

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

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

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

21 Sec. 290.202. ASSESSMENT AND COLLECTION OF TAXES. (a)  
22 Except as provided by Subsection (b), the county tax  
23 assessor-collector shall collect any tax imposed under this  
24 subchapter unless the commission employs a tax assessor and  
25 collector for the district. The county tax assessor-collector  
26 shall charge and deduct from taxes collected for the district a fee  
27 for collecting the tax in an amount determined by the commission,

1 not to exceed the county tax assessor-collector's usual and  
2 customary charges for the collection of similar taxes.

3 (b) If determined by the commission to be appropriate, the  
4 commission may contract for the assessment and collection of taxes  
5 in the manner provided by Title 1, Tax Code, for the assessment and  
6 collection of ad valorem taxes.

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

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

14 (1) provide the nonfederal share of a Medicaid  
15 supplemental payment program;

16 (2) subsidize indigent programs; and

17 (3) pay administrative expenses of the district.

18 Sec. 290.204. INTEREST, PENALTIES, AND DISCOUNTS.  
19 Interest, penalties, and discounts on taxes imposed under this  
20 subchapter are governed by the law applicable to county ad valorem  
21 taxes.

22 Sec. 290.205. PURPOSE; CORRECTION OF INVALID PROVISION OR  
23 PROCEDURE. (a) The purpose of this chapter is to generate revenue  
24 from a tax imposed by the district to provide the nonfederal share  
25 of a Medicaid supplemental payment program.

26 (b) To the extent any provision or procedure under this  
27 chapter causes a tax under this chapter to be ineligible for federal

1 matching funds, the district may provide by rule for an alternative  
2 provision or procedure that conforms to the requirements of the  
3 federal Centers for Medicare and Medicaid Services.

4 Sec. 290.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR  
5 PROCEDURES. (a) In order to amend any provision or procedure set  
6 out in this chapter, the district must obtain the approval of at  
7 least 95 percent of the institutional health care providers  
8 potentially subject to the tax.

9 (b) This section does not apply to rules or procedures  
10 related to the daily administrative matters of the district.

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

13 Sec. 531.0316. MEDICAID HEALTH LITERACY PILOT PROGRAM. (a)  
14 In order to prevent unnecessary emergency room visits and health  
15 costs for Medicaid recipients, the commission shall develop and  
16 implement a Medicaid health literacy pilot program in Bexar County  
17 under which Medicaid recipients with young children receive health  
18 information materials and training designed to improve their health  
19 care decision-making.

20 (b) The pilot program must:

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

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

25 (A) are developed with consideration of the  
26 literacy level of the test group; and

27 (B) provide the test group with information to

1 guide their health care decisions, including information about  
2 common health problems, prevention, home treatment, and  
3 circumstances in which it is appropriate to contact a health care  
4 professional.

5 (c) The commission shall establish the pilot program  
6 through a local governmental entity in Bexar County that chooses to  
7 participate. The commission shall request participation by the  
8 Bexar County Hospital District with the hospital district's  
9 subsidiary, Community First Health Plans.

10 (d) The commission shall ensure that the pilot program is  
11 financed using:

12 (1) money provided to the commission for purposes of  
13 the program by the participating local governmental entity to  
14 maximize federal matching money under the medical assistance  
15 program; and

16 (2) any corresponding federal matching money.

17 (e) The participating local governmental entity may provide  
18 money to the commission by certification or intergovernmental  
19 transfer to finance the pilot program as described by Subsection  
20 (d)(1).

21 (f) Not later than January 1, 2007, the commission shall  
22 evaluate the pilot program and report to the 80th Legislature on the  
23 effectiveness of the program and the feasibility of expanding the  
24 program statewide.

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

26 (b) If before implementing any provision of this section a  
27 state agency determines that a waiver or authorization from a

1 federal agency is necessary for implementation of that provision,  
2 the agency affected by the provision shall request the waiver or  
3 authorization and may delay implementing that provision until the  
4 waiver or authorization is granted.

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

6 (1) the commissioners court of each county to which  
7 Chapter 288, Health and Safety Code, as added by this Act, applies  
8 shall each appoint the initial members of a commission in  
9 accordance with Section 288.051, Health and Safety Code, as added  
10 by this Act, for a county health care funding district created by  
11 Chapter 288, Health and Safety Code, as added by this Act, in that  
12 county;

13 (2) the commissioners court of each county to which  
14 Chapter 289, Health and Safety Code, as added by this Act, applies  
15 shall each appoint the initial members of a commission in  
16 accordance with Section 289.051, Health and Safety Code, as added  
17 by this Act, for a county health care funding district created by  
18 Chapter 289, Health and Safety Code, as added by this Act, in that  
19 county; and

20 (3) the commissioners court of each county to which  
21 Chapter 290, Health and Safety Code, as added by this Act, applies  
22 shall each appoint the initial members of a commission in  
23 accordance with Section 290.051, Health and Safety Code, as added  
24 by this Act, for a county health care funding district created by  
25 Chapter 290, Health and Safety Code, as added by this Act, in that  
26 county.

27 (b) For each county health care funding district created by

1 Chapters 288, 289, and 290, Health and Safety Code, as added by this  
2 Act, the initial commission members appointed under Subsection (a)  
3 of this section shall draw lots to determine which two commission  
4 members shall serve one-year terms and which three commission  
5 members shall serve two-year terms.

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

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2463 was passed by the House on May 10, 2005, by the following vote: Yeas 139, Nays 1, 3 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2463 on May 27, 2005, by the following vote: Yeas 137, Nays 3, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2463 was passed by the Senate, with amendments, on May 25, 2005, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor