

1-1 By: Villarreal, et al. (Senate Sponsor - Lucio) H.B. No. 2463
1-2 (In the Senate - Received from the House May 11, 2005;
1-3 May 13, 2005, read first time and referred to Committee on
1-4 International Relations and Trade; May 19, 2005, reported
1-5 favorably, as amended, by the following vote: Yeas 6, Nays 0;
1-6 May 19, 2005, sent to printer.)

1-7 COMMITTEE AMENDMENT NO. 1 By: Carona

1-8 Amend H.B. No. 2463 (House Engrossed Version) as follows:

1-9 (1) In Section 1 of the bill, strike Subsection (f) of added
1-10 Section 288.201, Health and Safety Code (page 5, lines 26 through
1-11 28).

1-12 (2) In Section 1 of the bill, in Subdivision (2) of added
1-13 Section 288.203, Health and Safety Code (page 5, line 51), strike
1-14 "health care services" and substitute "programs".

1-15 (3) In Section 1 of the bill, after added Section 288.204,
1-16 Health and Safety Code, (between page 5, line 56, and page 5, line
1-17 57), add Sections 288.205 and 288.206, Health and Safety Code, to
1-18 read as follows:

1-19 Sec. 288.205. PURPOSE; CORRECTION OF INVALID PROVISION OR
1-20 PROCEDURE. (a) The purpose of this chapter is to generate revenue
1-21 from a tax imposed by the district to provide the nonfederal share
1-22 of a Medicaid supplemental payment program.

1-23 (b) To the extent any provision or procedure under this
1-24 chapter causes a tax under this chapter to be ineligible for federal
1-25 matching funds, the district may provide by rule for an alternative
1-26 provision or procedure that conforms to the requirements of the
1-27 federal Centers for Medicare and Medicaid Services.

1-28 Sec. 288.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR
1-29 PROCEDURES. (a) In order to amend any provision or procedure set
1-30 out in this chapter, the district must obtain the approval of at
1-31 least 95 percent of the institutional health care providers
1-32 potentially subject to the tax.

1-33 (b) This section does not apply to rules or procedures
1-34 related to the daily administrative matters of the district.

1-35 (4) In Section 1 of the bill, in Subsection (b) of added
1-36 Section 289.051, Health and Safety Code (page 6, lines 23 and 24),
1-37 strike "any remaining members who meet" and substitute "one member
1-38 who meets".

1-39 (5) In Section 1 of the bill, in Subsection (b) of added
1-40 Section 289.051, Health and Safety Code (page 6, line 27), strike
1-41 "one member who meets" and substitute "any remaining members who
1-42 meet".

1-43 (6) In Section 1 of the bill, strike Subsection (f) of added
1-44 Section 289.201, Health and Safety Code, (page 8, lines 49-51).

1-45 (7) In Section 1 of the bill, after added Section 289.204,
1-46 Health and Safety Code (page 9, between lines 10 and 11), add
1-47 Sections 289.205 and 289.206, Health and Safety Code, to read as
1-48 follows:

1-49 Sec. 289.205. PURPOSE; CORRECTION OF INVALID PROVISION OR
1-50 PROCEDURE. (a) The purpose of this chapter is to generate revenue
1-51 from a tax imposed by the district to provide the nonfederal share
1-52 of a Medicaid supplemental payment program.

1-53 (b) To the extent any provision or procedure under this
1-54 chapter causes a tax under this chapter to be ineligible for federal
1-55 matching funds, the district may provide by rule for an alternative
1-56 provision or procedure that conforms to the requirements of the
1-57 federal Centers for Medicare and Medicaid Services.

1-58 Sec. 289.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR
1-59 PROCEDURES. (a) In order to amend any provision or procedure set
1-60 out in this chapter, the district must obtain the approval of at
1-61 least 95 percent of the institutional health care providers
1-62 potentially subject to the tax.

1-63 (b) This section does not apply to rules or procedures
1-64 related to the daily administrative matters of the district.

2-1 (8) In Section 1 of the bill, strike Subsection (f) of added
2-2 Section 290.201, Health and Safety Code (page 12, lines 2-4).

2-3 (9) In Section 1 of the bill, after added Section 290.204,
2-4 Health and Safety Code (between page 12, line 32, and page 12, line
2-5 33), add Sections 290.205 and 290.206, Health and Safety Code, to
2-6 read as follows:

2-7 Sec. 290.205. PURPOSE; CORRECTION OF INVALID PROVISION OR
2-8 PROCEDURE. (a) The purpose of this chapter is to generate revenue
2-9 from a tax imposed by the district to provide the nonfederal share
2-10 of a Medicaid supplemental payment program.

2-11 (b) To the extent any provision or procedure under this
2-12 chapter causes a tax under this chapter to be ineligible for federal
2-13 matching funds, the district may provide by rule for an alternative
2-14 provision or procedure that conforms to the requirements of the
2-15 federal Centers for Medicare and Medicaid Services.

2-16 Sec. 290.206. ELECTION REQUIRED FOR CERTAIN PROVISIONS OR
2-17 PROCEDURES. (a) In order to amend any provision or procedure set
2-18 out in this chapter, the district must obtain the approval of at
2-19 least 95 percent of the institutional health care providers
2-20 potentially subject to the tax.

2-21 (b) This section does not apply to rules or procedures
2-22 related to the daily administrative matters of the district.

2-23 A BILL TO BE ENTITLED
2-24 AN ACT

2-25 relating to the creation of a Medicaid health literacy pilot
2-26 program and health care funding districts in certain counties and
2-27 authorizing the districts to impose taxes on certain institutional
2-28 health care providers located in the districts.

2-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

2-30 SECTION 1. Subtitle D, Title 4, Health and Safety Code, is
2-31 amended by adding Chapters 288, 289, and 290 to read as follows:

2-32 CHAPTER 288. HEALTH CARE FUNDING DISTRICTS IN CERTAIN COUNTIES
2-33 LOCATED ON TEXAS-MEXICO BORDER THAT ARE ADJACENT TO COUNTIES WITH
2-34 POPULATION OF 50,000 OR MORE
2-35 SUBCHAPTER A. GENERAL PROVISIONS

2-36 Sec. 288.001. DEFINITIONS. In this chapter:

2-37 (1) "Commission" means the commission of a district
2-38 created under this chapter.

2-39 (2) "District" means a county health care funding
2-40 district created by this chapter.

2-41 (3) "District taxpayer" means a person or entity who
2-42 has paid a tax imposed under this chapter.

2-43 (4) "Institutional health care provider" means a
2-44 nonpublic hospital licensed under Chapter 241.

2-45 Sec. 288.002. CREATION OF DISTRICT. A district is created
2-46 in each county located on the Texas-Mexico border that has a
2-47 population of 500,000 or more and is adjacent to two or more
2-48 counties each of which has a population of 50,000 or more.

2-49 Sec. 288.003. DURATION OF DISTRICT. (a) Unless continued
2-50 in existence by the legislature, a district created by this chapter
2-51 is abolished September 1, 2007.

2-52 (b) Any money held by a district at the time the district is
2-53 abolished shall be used to pay any outstanding administrative
2-54 expenses of the district, and the commission shall direct the
2-55 secretary of the commission to return the pro rata share of any
2-56 remaining district money to each district taxpayer.

2-57 Sec. 288.004. POLITICAL SUBDIVISION. A district created by
2-58 this chapter is a political subdivision of this state.

2-59 Sec. 288.005. DISTRICT TERRITORY. The boundaries of each
2-60 district are coextensive with the boundaries of the county in which
2-61 the district is created.

2-62 [Sections 288.006-288.050 reserved for expansion]

2-63 SUBCHAPTER B. DISTRICT ADMINISTRATION

2-64 Sec. 288.051. COMMISSION; APPOINTMENT. (a) Each district
2-65 is governed by a commission of five members appointed as provided by
2-66 this section.

2-67 (b) Each county commissioner on the commissioners court of

3-1 the county in which the district is located shall appoint one member
 3-2 who meets the qualifications prescribed by Section 288.052 to serve
 3-3 on the commission. The county judge of the county shall appoint any
 3-4 remaining members who meet the qualifications prescribed by Section
 3-5 288.052 to serve on the commission.

3-6 Sec. 288.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
 3-7 be eligible to serve as a member of the commission, a person must:

3-8 (1) be a United States citizen;
 3-9 (2) be 18 years of age or older on the first day of the
 3-10 term that the person is appointed to fill;

3-11 (3) have not been determined mentally incompetent by a
 3-12 final judgment of a court;

3-13 (4) have not been finally convicted of a felony from
 3-14 which the person has not been pardoned or otherwise released from
 3-15 the resulting disabilities;

3-16 (5) have resided continuously in this state for 12
 3-17 months and in the county in which the district is located for six
 3-18 months immediately preceding the date of the appointment; and

3-19 (6) be a person knowledgeable in the field of health
 3-20 care.

3-21 Sec. 288.053. TERM OF MEMBERS OF COMMISSION. The members of
 3-22 the commission serve staggered two-year terms.

3-23 Sec. 288.054. VACANCY. (a) If a vacancy occurs on the
 3-24 commission, the commissioners court of the county in which the
 3-25 district is located shall appoint a qualified person to fill the
 3-26 vacancy not later than the 30th day after the date the vacancy
 3-27 occurs.

3-28 (b) If the commissioners court of the county in which the
 3-29 district is located does not appoint a member to the commission to
 3-30 fill a vacancy by the 30th day after the date the vacancy occurs,
 3-31 the remaining members of the commission may, by vote of the
 3-32 commission, appoint a replacement.

3-33 Sec. 288.055. OFFICERS. (a) Each commission shall elect a
 3-34 chairperson and a secretary from among its members.

3-35 (b) The chairperson and secretary shall each serve in that
 3-36 office until the expiration of their term as a member of the
 3-37 commission.

3-38 Sec. 288.056. COMPENSATION; EXPENSES. A member of the
 3-39 commission serves without compensation but may, on the approval of
 3-40 the entire commission, be reimbursed for actual expenses incurred
 3-41 in the performance of the member's official duties.

3-42 Sec. 288.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
 3-43 commission may employ an attorney, financial advisor, and
 3-44 bookkeeper for the district or contract for those services.

3-45 Sec. 288.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.
 3-46 Except as otherwise provided by law, all district records,
 3-47 including books, accounts, notices, minutes, and all other matters
 3-48 of the district and the operation of its facilities, shall be:

3-49 (1) maintained at the district office; and
 3-50 (2) open to public inspection at the district office
 3-51 during reasonable hours.

3-52 [Sections 288.059-288.100 reserved for expansion]

3-53 SUBCHAPTER C. POWERS AND DUTIES

3-54 Sec. 288.101. LIMITATION ON TAXING AUTHORITY. Each
 3-55 district may impose taxes only in the manner provided by this
 3-56 chapter.

3-57 Sec. 288.102. MAJORITY VOTE REQUIRED. (a) A district may
 3-58 not impose any tax authorized by this chapter, spend any money,
 3-59 including for the administrative expenses of the district, or
 3-60 conduct any other business of the commission without an affirmative
 3-61 vote of a majority of the members of the commission.

3-62 (b) Before imposing a tax under this chapter in any one
 3-63 year, the commission must obtain the affirmative vote required by
 3-64 Subsection (a).

3-65 Sec. 288.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.
 3-66 (a) In addition to the majority vote required under Section
 3-67 288.102, a district may not spend any money of the district unless
 3-68 the district receives the approval of at least 95 percent of the
 3-69 district taxpayers.

4-1 (b) This section does not apply to expenditures related to
 4-2 the administrative matters of the district.

4-3 Sec. 288.104. RULES AND PROCEDURES. (a) The commission may
 4-4 adopt rules governing the operation of the district, including
 4-5 rules relating to the administration of a tax authorized by this
 4-6 chapter.

4-7 (b) In order to implement the requirements of Sections
 4-8 288.102 and 288.103, the commission shall adopt any necessary
 4-9 procedures.

4-10 Sec. 288.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
 4-11 The commission may prescribe the method and manner for making
 4-12 purchases and expenditures by the district.

4-13 (b) The commission shall prescribe:
 4-14 (1) all accounting and control procedures; and
 4-15 (2) the method of purchasing necessary supplies,
 4-16 materials, and equipment.

4-17 Sec. 288.106. INSTITUTIONAL HEALTH CARE PROVIDER
 4-18 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
 4-19 institutional health care provider to submit to the district a copy
 4-20 of any financial and utilization data required by and reported to
 4-21 the Department of State Health Services under Sections 311.032 and
 4-22 311.033 and any rules adopted by the department to implement those
 4-23 sections.

4-24 (b) A district may inspect the records of an institutional
 4-25 health care provider to the extent necessary to ensure that the
 4-26 provider has submitted all required data under this section.

4-27 Sec. 288.107. AUTHORITY TO SUE AND BE SUED. Each district
 4-28 may sue and be sued in its own name in any court of this state as a
 4-29 governmental agency.

4-30 [Sections 288.108-288.150 reserved for expansion]

4-31 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

4-32 Sec. 288.151. BUDGET. (a) Each year, the commission shall
 4-33 prepare a budget for the following fiscal year that includes:

4-34 (1) proposed expenditures and disbursements;
 4-35 (2) estimated receipts and collections; and
 4-36 (3) the rates and amounts of any taxes that the
 4-37 commission intends to impose during the year.

4-38 (b) The commission shall hold a public hearing on the
 4-39 proposed budget. Not later than the 10th day before the date of the
 4-40 hearing, the commission shall publish at least once notice of the
 4-41 hearing in a newspaper of general circulation in the county in which
 4-42 the district is located.

4-43 (c) Any district taxpayer is entitled to appear at the time
 4-44 and place designated in the public notice and to be heard regarding
 4-45 any item shown in the proposed budget.

4-46 Sec. 288.152. FISCAL YEAR. Each district's fiscal year
 4-47 begins on September 1 and ends on August 31 of each year.

4-48 Sec. 288.153. ANNUAL AUDIT. (a) For each fiscal year, each
 4-49 commission shall have an independent audit made of the district's
 4-50 books and records.

4-51 (b) Not later than December 31 of each year, the audit made
 4-52 for a district shall be filed with the comptroller and at the office
 4-53 of the district.

4-54 Sec. 288.154. DEPOSITORY. (a) Each commission by
 4-55 resolution shall designate one or more banks located in the
 4-56 district as the depository for the district. A bank designated as
 4-57 depository serves for two years or until a successor is designated.

4-58 (b) All income received by a district, including tax revenue
 4-59 after deducting discounts and fees for assessing and collecting the
 4-60 taxes, shall be deposited with the district depository and may be
 4-61 withdrawn only as provided by this chapter.

4-62 (c) All district funds shall be secured in the manner
 4-63 provided for securing county funds.

4-64 [Sections 288.155-288.200 reserved for expansion]

4-65 SUBCHAPTER E. TAXES

4-66 Sec. 288.201. TAX ON OUTPATIENT HOSPITAL SERVICES. (a) The
 4-67 commission of a district may impose an annual tax to be assessed
 4-68 quarterly on all outpatient hospital visits to an institutional
 4-69 health care provider located in the district. In the first year in

5-1 which the tax is imposed, the tax is assessed on the total number of
 5-2 outpatient hospital visits of an institutional health care provider
 5-3 reported to the Department of State Health Services under Sections
 5-4 311.032 and 311.033 in the fiscal year ending in 2003. The district
 5-5 shall update this tax basis with the number of outpatient hospital
 5-6 visits reported on a biennial basis.

5-7 (b) A tax imposed under this section must be imposed
 5-8 uniformly on each institutional health care provider of outpatient
 5-9 hospital services located in the district. A tax imposed under this
 5-10 section also may not hold harmless any institutional health care
 5-11 provider of outpatient hospital services, as required under 42
 5-12 U.S.C. Section 1396b(w).

5-13 (c) The commission shall set the rate of the tax imposed
 5-14 under this section. The rate may not exceed \$100 for each
 5-15 outpatient hospital visit.

5-16 (d) Subject to the maximum tax rate prescribed by Subsection
 5-17 (c), the commission shall set the rate of the tax at a rate that will
 5-18 generate sufficient revenue to cover the administrative expenses of
 5-19 the district, to fund the nonfederal share of a Medicaid
 5-20 supplemental payment program, and to pay for indigent programs,
 5-21 except that the amount of tax revenue used for administrative
 5-22 expenses of the district in a year may not exceed the lesser of four
 5-23 percent of the total revenue generated from the tax or \$20,000.

5-24 (e) An institutional health care provider may not add a tax
 5-25 imposed under this section as a surcharge to a patient.

5-26 (f) An institutional health care provider that is a hospital
 5-27 that primarily treats patients with mental illness is exempt from a
 5-28 tax imposed by this section.

5-29 Sec. 288.202. ASSESSMENT AND COLLECTION OF TAXES. (a)
 5-30 Except as provided by Subsection (b), the county tax
 5-31 assessor-collector shall collect a tax imposed under this
 5-32 subchapter unless the commission employs a tax assessor and
 5-33 collector for the district. The county tax assessor-collector
 5-34 shall charge and deduct from taxes collected for the district a fee
 5-35 for collecting the tax in an amount determined by the commission,
 5-36 not to exceed the county tax assessor-collector's usual and
 5-37 customary charges for the collection of similar taxes.

5-38 (b) If determined by the commission to be appropriate, the
 5-39 commission may contract for the assessment and collection of taxes
 5-40 in the manner provided by Title 1, Tax Code, for the assessment and
 5-41 collection of ad valorem taxes.

5-42 (c) Revenue from a fee charged by a county tax
 5-43 assessor-collector for collecting the tax shall be deposited in the
 5-44 county general fund and, if appropriate, shall be reported as fees
 5-45 of the county tax assessor-collector.

5-46 Sec. 288.203. USE OF TAX REVENUE. Revenue generated by a
 5-47 district from a tax imposed under this subchapter may be used only
 5-48 to:

5-49 (1) provide the nonfederal share of a Medicaid
 5-50 supplemental payment program;

5-51 (2) subsidize indigent health care services; and

5-52 (3) pay administrative expenses of the district.

5-53 Sec. 288.204. INTEREST, PENALTIES, AND DISCOUNTS.
 5-54 Interest, penalties, and discounts on taxes imposed under this
 5-55 subchapter are governed by the law applicable to county ad valorem
 5-56 taxes.

5-57 CHAPTER 289. COUNTY HEALTH CARE FUNDING DISTRICTS IN CERTAIN
 5-58 COUNTIES LOCATED ON TEXAS-MEXICO BORDER THAT HAVE POPULATION OF
 5-59 LESS THAN 200,000

5-60 SUBCHAPTER A. GENERAL PROVISIONS

5-61 Sec. 289.001. DEFINITIONS. In this chapter:

5-62 (1) "Commission" means the commission of a district
 5-63 created under this chapter.

5-64 (2) "District" means a county health care funding
 5-65 district created by this chapter.

5-66 (3) "District taxpayer" means a person or entity who
 5-67 has paid a tax imposed under this chapter.

5-68 (4) "Institutional health care provider" means a
 5-69 nonpublic hospital licensed under Chapter 241.

6-1 Sec. 289.002. CREATION OF DISTRICT. A district is created
 6-2 in each county located on the Texas-Mexico border that has a
 6-3 population of less than 200,000 and contains one or more
 6-4 municipalities with a population of 100,000 or more.

6-5 Sec. 289.003. DURATION OF DISTRICT. (a) Unless continued
 6-6 in existence by the legislature, a district created by this chapter
 6-7 is abolished September 1, 2007.

6-8 (b) Any money held by a district at the time the district is
 6-9 abolished shall be used to pay any outstanding administrative
 6-10 expenses of the district, and the commission shall direct the
 6-11 secretary of the commission to return the pro rata share of any
 6-12 remaining district money to each district taxpayer.

6-13 Sec. 289.004. POLITICAL SUBDIVISION. A district created by
 6-14 this chapter is a political subdivision of this state.

6-15 Sec. 289.005. DISTRICT TERRITORY. The boundaries of each
 6-16 district are coextensive with the boundaries of the county in which
 6-17 the district is created.

6-18 [Sections 289.006-289.050 reserved for expansion]

6-19 SUBCHAPTER B. DISTRICT ADMINISTRATION

6-20 Sec. 289.051. COMMISSION; APPOINTMENT. (a) Each district
 6-21 is governed by a commission of five members appointed as provided by
 6-22 this section.

6-23 (b) Each county commissioner on the commissioners court of
 6-24 the county in which the district is located shall appoint any
 6-25 remaining members who meet the qualifications prescribed by Section
 6-26 289.052 to serve on the commission. The county judge of the county
 6-27 shall appoint one member who meets the qualifications prescribed by
 6-28 Section 289.052 to serve on the commission.

6-29 Sec. 289.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
 6-30 be eligible to serve as a member of the commission, a person must:

6-31 (1) be a United States citizen;
 6-32 (2) be 18 years of age or older on the first day of the
 6-33 term that the person is appointed to fill;

6-34 (3) have not been determined mentally incompetent by a
 6-35 final judgment of a court;

6-36 (4) have not been finally convicted of a felony from
 6-37 which the person has not been pardoned or otherwise released from
 6-38 the resulting disabilities;

6-39 (5) have resided continuously in this state for 12
 6-40 months and in the county in which the district is located for six
 6-41 months immediately preceding the date of the appointment; and

6-42 (6) be a person knowledgeable in the field of health
 6-43 care.

6-44 Sec. 289.053. TERM OF MEMBERS OF COMMISSION. The members of
 6-45 the commission serve staggered two-year terms.

6-46 Sec. 289.054. VACANCY. (a) If a vacancy occurs on the
 6-47 commission, the commissioners court of the county in which the
 6-48 district is located shall appoint a qualified person to fill the
 6-49 vacancy not later than the 30th day after the date the vacancy
 6-50 occurs.

6-51 (b) If the commissioners court of the county in which the
 6-52 district is located does not appoint a member to the commission to
 6-53 fill a vacancy by the 30th day after the date the vacancy occurs,
 6-54 the remaining members of the commission may, by vote of the
 6-55 commission, appoint a replacement.

6-56 Sec. 289.055. OFFICERS. (a) Each commission shall elect a
 6-57 chairperson and a secretary from among its members.

6-58 (b) The chairperson and secretary shall each serve in that
 6-59 office until the expiration of their term as a member of the
 6-60 commission.

6-61 Sec. 289.056. COMPENSATION; EXPENSES. A member of the
 6-62 commission serves without compensation but may, on the approval of
 6-63 the entire commission, be reimbursed for actual expenses incurred
 6-64 in the performance of the member's official duties.

6-65 Sec. 289.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
 6-66 commission may employ an attorney, financial advisor, and
 6-67 bookkeeper for the district or contract for those services.

6-68 Sec. 289.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.
 6-69 Except as otherwise provided by law, all district records,

7-1 including books, accounts, notices, minutes, and all other matters
7-2 of the district and the operation of its facilities, shall be:

- 7-3 (1) maintained at the district office; and
- 7-4 (2) open to public inspection at the district office
7-5 during reasonable hours.

7-6 [Sections 289.059-289.100 reserved for expansion]

7-7 SUBCHAPTER C. POWERS AND DUTIES

7-8 Sec. 289.101. LIMITATION ON TAXING AUTHORITY. Each
7-9 district may impose taxes only in the manner provided by this
7-10 chapter.

7-11 Sec. 289.102. MAJORITY VOTE REQUIRED. (a) A district may
7-12 not impose any tax authorized by this chapter, spend any money,
7-13 including for the administrative expenses of the district, or
7-14 conduct any other business of the commission without an affirmative
7-15 vote of a majority of the members of the commission.

7-16 (b) Before imposing a tax under this chapter in any one
7-17 year, the commission must obtain the affirmative vote required by
7-18 Subsection (a).

7-19 Sec. 289.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.

7-20 (a) In addition to the majority vote required under Section
7-21 289.102, a district may not spend any money of the district unless
7-22 the district receives the approval of at least 95 percent of the
7-23 district taxpayers.

7-24 (b) This section does not apply to expenditures related to
7-25 the administrative matters of the district.

7-26 Sec. 289.104. RULES AND PROCEDURES. (a) The commission may
7-27 adopt rules governing the operation of the district, including
7-28 rules relating to the administration of a tax authorized by this
7-29 chapter.

7-30 (b) In order to implement the requirements of Sections
7-31 289.102 and 289.103, the commission shall adopt any necessary
7-32 procedures.

7-33 Sec. 289.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
7-34 The commission may prescribe the method and manner for making
7-35 purchases and expenditures by the district.

7-36 (b) The commission shall prescribe:

- 7-37 (1) all accounting and control procedures; and
- 7-38 (2) the method of purchasing necessary supplies,
7-39 materials, and equipment.

7-40 Sec. 289.106. INSTITUTIONAL HEALTH CARE PROVIDER
7-41 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
7-42 institutional health care provider to submit to the district a copy
7-43 of any financial and utilization data required by and reported to
7-44 the Department of State Health Services under Sections 311.032 and
7-45 311.033 and any rules adopted by the department to implement those
7-46 sections.

7-47 (b) A district may inspect the records of an institutional
7-48 health care provider to the extent necessary to ensure that the
7-49 provider has submitted all required data under this section.

7-50 Sec. 289.107. AUTHORITY TO SUE AND BE SUED. Each district
7-51 may sue and be sued in its own name in any court of this state as a
7-52 governmental agency.

7-53 [Sections 289.108-289.150 reserved for expansion]

7-54 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

7-55 Sec. 289.151. BUDGET. (a) Each year, the commission shall
7-56 prepare a budget for the following fiscal year that includes:

- 7-57 (1) proposed expenditures and disbursements;
- 7-58 (2) estimated receipts and collections; and
- 7-59 (3) the rates and amounts of any taxes that the
7-60 commission intends to impose during the year.

7-61 (b) The commission shall hold a public hearing on the
7-62 proposed budget. Not later than the 10th day before the date of the
7-63 hearing, the commission shall publish at least once notice of the
7-64 hearing in a newspaper of general circulation in the county in which
7-65 the district is located.

7-66 (c) Any district taxpayer is entitled to appear at the time
7-67 and place designated in the public notice and to be heard regarding
7-68 any item shown in the proposed budget.

7-69 Sec. 289.152. FISCAL YEAR. Each district's fiscal year

8-1 begins on September 1 and ends on August 31 of each year.

8-2 Sec. 289.153. ANNUAL AUDIT. (a) For each fiscal year, each
8-3 commission shall have an independent audit made of the district's
8-4 books and records.

8-5 (b) Not later than December 31 of each year, the audit made
8-6 for a district shall be filed with the comptroller and at the office
8-7 of the district.

8-8 Sec. 289.154. DEPOSITORY. (a) Each commission by
8-9 resolution shall designate one or more banks located in the
8-10 district as the depository for the district. A bank designated as
8-11 depository serves for two years or until a successor is designated.

8-12 (b) All income received by a district, including tax revenue
8-13 after deducting discounts and fees for assessing and collecting the
8-14 taxes, shall be deposited with the district depository and may be
8-15 withdrawn only as provided by this chapter.

8-16 (c) All district funds shall be secured in the manner
8-17 provided for securing county funds.

8-18 [Sections 289.155-289.200 reserved for expansion]

8-19 SUBCHAPTER E. TAXES

8-20 Sec. 289.201. TAX ON OUTPATIENT SERVICES. (a) The
8-21 commission of a district may impose an annual tax to be assessed
8-22 quarterly on all outpatient hospital visits to an institutional
8-23 health care provider located in the district. In the first year in
8-24 which the tax is imposed, the tax is assessed on the total number of
8-25 outpatient hospital visits of an institutional health care provider
8-26 reported to the Department of State Health Services under Sections
8-27 311.032 and 311.033 in the fiscal year ending in 2003. The district
8-28 shall update this tax basis with the number of outpatient hospital
8-29 visits reported on a biennial basis.

8-30 (b) A tax imposed under this section must be imposed
8-31 uniformly on each institutional health care provider of outpatient
8-32 hospital services located in the district. A tax imposed under this
8-33 section also may not hold harmless any institutional health care
8-34 provider of outpatient hospital services, as required under 42
8-35 U.S.C. Section 1396b(w).

8-36 (c) The commission shall set the rate of the tax imposed
8-37 under this section. The rate may not exceed \$100 for each
8-38 outpatient hospital visit.

8-39 (d) Subject to the maximum tax rate prescribed by Subsection
8-40 (c), the commission shall set the rate of the tax at a rate that will
8-41 generate sufficient revenue to cover the administrative expenses of
8-42 the district, to fund the nonfederal share of a Medicaid
8-43 supplemental payment program, and to pay for indigent programs,
8-44 except that the amount of tax revenue used for administrative
8-45 expenses of the district in a year may not exceed the lesser of four
8-46 percent of the total revenue generated from the tax or \$20,000.

8-47 (e) An institutional health care provider may not add a tax
8-48 imposed under this section as a surcharge to a patient.

8-49 (f) An institutional health care provider that is a hospital
8-50 that primarily treats patients with mental illness is exempt from a
8-51 tax imposed by this section.

8-52 Sec. 289.202. ASSESSMENT AND COLLECTION OF TAXES. (a)
8-53 Except as provided by Subsection (b), the county tax
8-54 assessor-collector shall collect a tax imposed under this
8-55 subchapter unless the commission employs a tax assessor and
8-56 collector for the district. The county tax assessor-collector
8-57 shall charge and deduct from taxes collected for the district a fee
8-58 for collecting the tax in an amount determined by the commission,
8-59 not to exceed the county tax assessor-collector's usual and
8-60 customary charges for the collection of similar taxes.

8-61 (b) If determined by the commission to be appropriate, the
8-62 commission may contract for the assessment and collection of taxes
8-63 in the manner provided by Title 1, Tax Code, for the assessment and
8-64 collection of ad valorem taxes.

8-65 (c) Revenue from a fee charged by a county tax
8-66 assessor-collector for collecting the tax shall be deposited in the
8-67 county general fund and, if appropriate, shall be reported as fees
8-68 of the county tax assessor-collector.

8-69 Sec. 289.203. USE OF TAX REVENUE. Revenue generated by a

9-1 district from a tax imposed under this subchapter may be used only
 9-2 to:

9-3 (1) provide the nonfederal share of a Medicaid
 9-4 supplemental payment program;

9-5 (2) subsidize indigent programs; and

9-6 (3) pay administrative expenses of the district.

9-7 Sec. 289.204. INTEREST, PENALTIES, AND DISCOUNTS.
 9-8 Interest, penalties, and discounts on taxes imposed under this
 9-9 subchapter are governed by the law applicable to county ad valorem
 9-10 taxes.

9-11 CHAPTER 290. COUNTY HEALTH CARE FUNDING DISTRICTS IN CERTAIN
 9-12 COUNTIES WITH POPULATION OF 1.4 MILLION OR LESS

9-13 SUBCHAPTER A. GENERAL PROVISIONS

9-14 Sec. 290.001. DEFINITIONS. In this chapter:

9-15 (1) "Commission" means the commission of a district
 9-16 created under this chapter.

9-17 (2) "District" means a county health care funding
 9-18 district created by this chapter.

9-19 (3) "District taxpayer" means a person or entity who
 9-20 has paid a tax imposed under this chapter.

9-21 (4) "Institutional health care provider" means a
 9-22 nonpublic hospital licensed under Chapter 241.

9-23 Sec. 290.002. CREATION OF DISTRICT. A district is created
 9-24 in each county that has a population of 1.4 million or less and in
 9-25 which a municipality with a population of 1.1 million or more is
 9-26 predominantly located.

9-27 Sec. 290.003. DURATION OF DISTRICT. (a) Unless continued
 9-28 in existence by the legislature, a district created by this chapter
 9-29 is abolished September 1, 2007.

9-30 (b) Any money held by a district at the time the district is
 9-31 abolished shall be used to pay any outstanding administrative
 9-32 expenses of the district, and the commission shall direct the
 9-33 secretary of the commission to return the pro rata share of any
 9-34 remaining district money to each district taxpayer.

9-35 Sec. 290.004. POLITICAL SUBDIVISION. A district created by
 9-36 this chapter is a political subdivision of this state.

9-37 Sec. 290.005. DISTRICT TERRITORY. The boundaries of each
 9-38 district are coextensive with the boundaries of the county in which
 9-39 the district is created.

9-40 [Sections 290.006-290.050 reserved for expansion]

9-41 SUBCHAPTER B. DISTRICT ADMINISTRATION

9-42 Sec. 290.051. COMMISSION; APPOINTMENT. (a) Each district
 9-43 is governed by a commission of five members appointed as provided by
 9-44 this section.

9-45 (b) Each county commissioner on the commissioners court of
 9-46 the county in which the district is located shall appoint one member
 9-47 who meets the qualifications prescribed by Section 290.052 to serve
 9-48 on the commission. The county judge of the county shall appoint any
 9-49 remaining members who meet the qualifications prescribed by Section
 9-50 290.052 to serve on the commission.

9-51 Sec. 290.052. QUALIFICATION OF MEMBERS OF COMMISSION. To
 9-52 be eligible to serve as a member of the commission, a person must:

9-53 (1) be a United States citizen;

9-54 (2) be 18 years of age or older on the first day of the
 9-55 term that the person is appointed to fill;

9-56 (3) have not been determined mentally incompetent by a
 9-57 final judgment of a court;

9-58 (4) have not been finally convicted of a felony from
 9-59 which the person has not been pardoned or otherwise released from
 9-60 the resulting disabilities;

9-61 (5) have resided continuously in this state for 12
 9-62 months and in the county in which the district is located for six
 9-63 months immediately preceding the date of the appointment; and

9-64 (6) be a person knowledgeable in the field of health
 9-65 care.

9-66 Sec. 290.053. TERM OF MEMBERS OF COMMISSION. The members of
 9-67 the commission serve staggered two-year terms.

9-68 Sec. 290.054. VACANCY. (a) If a vacancy occurs on the
 9-69 commission, the commissioners court of the county in which the

10-1 district is located shall appoint a qualified person to fill the
 10-2 vacancy not later than the 30th day after the date the vacancy
 10-3 occurs.

10-4 (b) If the commissioners court of the county in which the
 10-5 district is located does not appoint a member to the commission to
 10-6 fill a vacancy by the 30th day after the date the vacancy occurs,
 10-7 the remaining members of the commission may, by vote of the
 10-8 commission, appoint a replacement.

10-9 Sec. 290.055. OFFICERS. (a) Each commission shall elect a
 10-10 chairperson and a secretary from among its members.

10-11 (b) The chairperson and secretary shall each serve in that
 10-12 office until the expiration of their term as a member of the
 10-13 commission.

10-14 Sec. 290.056. COMPENSATION; EXPENSES. A member of the
 10-15 commission serves without compensation but may, on the approval of
 10-16 the entire commission, be reimbursed for actual expenses incurred
 10-17 in the performance of the member's official duties.

10-18 Sec. 290.057. EMPLOYEES AND INDEPENDENT CONTRACTORS. The
 10-19 commission may employ an attorney, financial advisor, and
 10-20 bookkeeper for the district or contract for those services.

10-21 Sec. 290.058. MAINTENANCE OF RECORDS; PUBLIC INSPECTION.
 10-22 Except as otherwise provided by law, all district records,
 10-23 including books, accounts, notices, minutes, and all other matters
 10-24 of the district and the operation of its facilities, shall be:

10-25 (1) maintained at the district office; and
 10-26 (2) open to public inspection at the district office
 10-27 during reasonable hours.

10-28 [Sections 290.059-290.100 reserved for expansion]

10-29 SUBCHAPTER C. POWERS AND DUTIES

10-30 Sec. 290.101. LIMITATION ON TAXING AUTHORITY. Each
 10-31 district may impose taxes only in the manner provided by this
 10-32 chapter.

10-33 Sec. 290.102. MAJORITY VOTE REQUIRED. (a) A district may
 10-34 not impose any tax authorized by this chapter, spend any money,
 10-35 including for the administrative expenses of the district, or
 10-36 conduct any other business of the commission without an affirmative
 10-37 vote of a majority of the members of the commission.

10-38 (b) Before imposing a tax under this chapter in any one
 10-39 year, the commission must obtain the affirmative vote required by
 10-40 Subsection (a).

10-41 Sec. 290.103. ELECTION REQUIRED FOR CERTAIN EXPENDITURES.
 10-42 (a) In addition to the majority vote required under Section
 10-43 290.102, a district may not spend any money of the district unless
 10-44 the district receives the approval of at least 95 percent of the
 10-45 district taxpayers.

10-46 (b) This section does not apply to expenditures related to
 10-47 the administrative matters of the district.

10-48 Sec. 290.104. RULES AND PROCEDURES. (a) The commission may
 10-49 adopt rules governing the operation of the district, including
 10-50 rules relating to the administration of a tax authorized by this
 10-51 chapter.

10-52 (b) In order to implement the requirements of Sections
 10-53 290.102 and 290.103, the commission shall adopt any necessary
 10-54 procedures.

10-55 Sec. 290.105. PURCHASING AND ACCOUNTING PROCEDURES. (a)
 10-56 The commission may prescribe the method and manner for making
 10-57 purchases and expenditures by the district.

10-58 (b) The commission shall prescribe:
 10-59 (1) all accounting and control procedures; and
 10-60 (2) the method of purchasing necessary supplies,
 10-61 materials, and equipment.

10-62 Sec. 290.106. INSTITUTIONAL HEALTH CARE PROVIDER
 10-63 REPORTING; INSPECTION OF RECORDS. (a) A district shall require an
 10-64 institutional health care provider to submit to the district a copy
 10-65 of any financial and utilization data required by and reported to
 10-66 the Department of State Health Services under Sections 311.032 and
 10-67 311.033 and any rules adopted by the department to implement those
 10-68 sections.

10-69 (b) A district may inspect the records of an institutional

11-1 health care provider to the extent necessary to ensure that the
 11-2 provider has submitted all required data under this section.

11-3 Sec. 290.107. AUTHORITY TO SUE AND BE SUED. Each district
 11-4 may sue and be sued in its own name in any court of this state as a
 11-5 governmental agency.

11-6 [Sections 290.108-290.150 reserved for expansion]

11-7 SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

11-8 Sec. 290.151. BUDGET. (a) Each year, the commission shall
 11-9 prepare a budget for the following fiscal year that includes:

11-10 (1) proposed expenditures and disbursements;
 11-11 (2) estimated receipts and collections; and
 11-12 (3) the rates and amounts of any taxes that the
 11-13 commission intends to impose during the year.

11-14 (b) The commission shall hold a public hearing on the
 11-15 proposed budget. Not later than the 10th day before the date of the
 11-16 hearing, the commission shall publish at least once notice of the
 11-17 hearing in a newspaper of general circulation in the county in which
 11-18 the district is located.

11-19 (c) Any district taxpayer is entitled to appear at the time
 11-20 and place designated in the public notice and to be heard regarding
 11-21 any item shown in the proposed budget.

11-22 Sec. 290.152. FISCAL YEAR. Each district's fiscal year
 11-23 begins on September 1 and ends on August 31 of each year.

11-24 Sec. 290.153. ANNUAL AUDIT. (a) For each fiscal year, each
 11-25 commission shall have an independent audit made of the district's
 11-26 books and records.

11-27 (b) Not later than December 31 of each year, the audit made
 11-28 for a district shall be filed with the comptroller and at the office
 11-29 of the district.

11-30 Sec. 290.154. DEPOSITORY. (a) Each commission by
 11-31 resolution shall designate one or more banks located in the
 11-32 district as the depository for the district. A bank designated as
 11-33 depository serves for two years or until a successor is designated.

11-34 (b) All income received by a district, including tax revenue
 11-35 after deducting discounts and fees for assessing and collecting the
 11-36 taxes, shall be deposited with the district depository and may be
 11-37 withdrawn only as provided by this chapter.

11-38 (c) All district funds shall be secured in the manner
 11-39 provided for securing county funds.

11-40 [Sections 290.155-290.200 reserved for expansion]

11-41 SUBCHAPTER E. TAXES

11-42 Sec. 290.201. TAX ON EMERGENCY ROOM SERVICES. (a) The
 11-43 commission of a district may impose an annual tax to be assessed
 11-44 quarterly on all emergency room visits to an institutional health
 11-45 care provider located in the district. In the first year in which
 11-46 the tax is imposed, the tax is assessed on the total number of
 11-47 emergency room visits of an institutional health care provider
 11-48 reported to the Department of State Health Services under Sections
 11-49 311.032 and 311.033 in the fiscal year ending in 2003. The district
 11-50 shall update this tax basis with the number of emergency room visits
 11-51 reported on a biennial basis.

11-52 (b) A tax imposed under this section must be imposed
 11-53 uniformly on each institutional health care provider of emergency
 11-54 room services located in the district. A tax imposed under this
 11-55 section also may not hold harmless any institutional health care
 11-56 provider of emergency room services, as required under 42 U.S.C.
 11-57 Section 1396b(w).

11-58 (c) The commission shall set the rate of the tax imposed
 11-59 under this section. The rate may not exceed \$100 for each emergency
 11-60 room visit.

11-61 (d) Subject to the maximum tax rate prescribed by Subsection
 11-62 (c), the commission shall set the rate of the tax at a rate that will
 11-63 generate sufficient revenue to cover the administrative expenses of
 11-64 the district, to fund the nonfederal share of a Medicaid
 11-65 supplemental payment program, and to pay for indigent programs,
 11-66 except that the amount of tax revenue used for administrative
 11-67 expenses of the district in a year may not exceed the lesser of four
 11-68 percent of the total revenue generated from the tax or \$20,000.

11-69 (e) An institutional health care provider may not add a tax

12-1 imposed under this section as a surcharge to a patient.

12-2 (f) An institutional health care provider that is a hospital
12-3 that primarily treats patients with mental illness is exempted from
12-4 a tax imposed by this section.

12-5 Sec. 290.202. ASSESSMENT AND COLLECTION OF TAXES. (a)
12-6 Except as provided by Subsection (b), the county tax
12-7 assessor-collector shall collect any tax imposed under this
12-8 subchapter unless the commission employs a tax assessor and
12-9 collector for the district. The county tax assessor-collector
12-10 shall charge and deduct from taxes collected for the district a fee
12-11 for collecting the tax in an amount determined by the commission,
12-12 not to exceed the county tax assessor-collector's usual and
12-13 customary charges for the collection of similar taxes.

12-14 (b) If determined by the commission to be appropriate, the
12-15 commission may contract for the assessment and collection of taxes
12-16 in the manner provided by Title 1, Tax Code, for the assessment and
12-17 collection of ad valorem taxes.

12-18 (c) Revenue from a fee charged by a county tax
12-19 assessor-collector for collecting the tax shall be deposited in the
12-20 county general fund and, if appropriate, shall be reported as fees
12-21 of the county tax assessor-collector.

12-22 Sec. 290.203. USE OF TAX REVENUE. Revenue generated by a
12-23 district from a tax imposed under this subchapter may be used only
12-24 to:

12-25 (1) provide the nonfederal share of a Medicaid
12-26 supplemental payment program;

12-27 (2) subsidize indigent programs; and

12-28 (3) pay administrative expenses of the district.

12-29 Sec. 290.204. INTEREST, PENALTIES, AND DISCOUNTS.
12-30 Interest, penalties, and discounts on taxes imposed under this
12-31 subchapter are governed by the law applicable to county ad valorem
12-32 taxes.

12-33 SECTION 2. (a) Subchapter B, Chapter 531, Government Code,
12-34 is amended by adding Section 531.0316 to read as follows:

12-35 Sec. 531.0316. MEDICAID HEALTH LITERACY PILOT PROGRAM. (a)
12-36 In order to prevent unnecessary emergency room visits and health
12-37 costs for Medicaid recipients, the commission shall develop and
12-38 implement a Medicaid health literacy pilot program in Bexar County
12-39 under which Medicaid recipients with young children receive health
12-40 information materials and training designed to improve their health
12-41 care decision-making.

12-42 (b) The pilot program must:

12-43 (1) establish a statistically significant test group
12-44 and control group of Medicaid recipients with young children; and

12-45 (2) provide the test group with health information
12-46 materials in English and Spanish that:

12-47 (A) are developed with consideration of the
12-48 literacy level of the test group; and

12-49 (B) provide the test group with information to
12-50 guide their health care decisions, including information about
12-51 common health problems, prevention, home treatment, and
12-52 circumstances in which it is appropriate to contact a health care
12-53 professional.

12-54 (c) The commission shall establish the pilot program
12-55 through a local governmental entity in Bexar County that chooses to
12-56 participate. The commission shall request participation by the
12-57 Bexar County Hospital District with the hospital district's
12-58 subsidiary, Community First Health Plans.

12-59 (d) The commission shall ensure that the pilot program is
12-60 financed using:

12-61 (1) money provided to the commission for purposes of
12-62 the program by the participating local governmental entity to
12-63 maximize federal matching money under the medical assistance
12-64 program; and

12-65 (2) any corresponding federal matching money.

12-66 (e) The participating local governmental entity may provide
12-67 money to the commission by certification or intergovernmental
12-68 transfer to finance the pilot program as described by Subsection
12-69 (d)(1).

13-1 (f) Not later than January 1, 2007, the commission shall
13-2 evaluate the pilot program and report to the 80th Legislature on the
13-3 effectiveness of the program and the feasibility of expanding the
13-4 program statewide.

13-5 (g) This section expires September 1, 2009.

13-6 (b) If before implementing any provision of this section a
13-7 state agency determines that a waiver or authorization from a
13-8 federal agency is necessary for implementation of that provision,
13-9 the agency affected by the provision shall request the waiver or
13-10 authorization and may delay implementing that provision until the
13-11 waiver or authorization is granted.

13-12 SECTION 3. (a) Not later than October 1, 2005:

13-13 (1) the commissioners court of each county to which
13-14 Chapter 288, Health and Safety Code, as added by this Act, applies
13-15 shall each appoint the initial members of a commission in
13-16 accordance with Section 288.051, Health and Safety Code, as added
13-17 by this Act, for a county health care funding district created by
13-18 Chapter 288, Health and Safety Code, as added by this Act, in that
13-19 county;

13-20 (2) the commissioners court of each county to which
13-21 Chapter 289, Health and Safety Code, as added by this Act, applies
13-22 shall each appoint the initial members of a commission in
13-23 accordance with Section 289.051, Health and Safety Code, as added
13-24 by this Act, for a county health care funding district created by
13-25 Chapter 289, Health and Safety Code, as added by this Act, in that
13-26 county; and

13-27 (3) the commissioners court of each county to which
13-28 Chapter 290, Health and Safety Code, as added by this Act, applies
13-29 shall each appoint the initial members of a commission in
13-30 accordance with Section 290.051, Health and Safety Code, as added
13-31 by this Act, for a county health care funding district created by
13-32 Chapter 290, Health and Safety Code, as added by this Act, in that
13-33 county.

13-34 (b) For each county health care funding district created by
13-35 Chapters 288, 289, and 290, Health and Safety Code, as added by this
13-36 Act, the initial commission members appointed under Subsection (a)
13-37 of this section shall draw lots to determine which two commission
13-38 members shall serve one-year terms and which three commission
13-39 members shall serve two-year terms.

13-40 SECTION 4. This Act takes effect immediately if it receives
13-41 a vote of two-thirds of all the members elected to each house, as
13-42 provided by Section 39, Article III, Texas Constitution. If this
13-43 Act does not receive the vote necessary for immediate effect, this
13-44 Act takes effect September 1, 2005.

13-45 * * * * *