

By: Madla

S.B. No. 1240

A BILL TO BE ENTITLED

AN ACT

relating to the employment of physicians by a rural hospital.

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

SECTION 1. Chapter 162, Occupations Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. EMPLOYMENT OF PHYSICIAN BY RURAL HOSPITAL

Sec. 162.301. Application of Subchapter. This subchapter applies only to a hospital located in a county with a population of 50,000 or less; or designated as a critical access hospital under the authority of and in compliance with 42 U.S.C. Section 1395i-4 or as a sole community hospital under the authority of and in compliance with 42 U.S.C. Section 1395ww(d)(5)(D)(iii).

Sec. 162.302. Legislative Findings. (a) The Legislature finds that a number of rural Texas communities are having great difficulty recruiting and retaining physicians. There is a shortage of physicians in rural Texas and this shortage limits access to health care by residents of rural communities.

(b) The Legislature finds that allowing rural hospitals to directly employ physicians will allow rural hospitals to provide economic security adequate for a physician to relocate and reside in their communities and will help rural hospitals to recruit physicians to provide medically necessary services in their communities.

(c) The Legislature intends that a hospital meeting the

1 conditions set forth in this section be able to employ physicians  
2 directly and to charge for their professional services.

3 (4) The Legislature further intends that a hospital not  
4 interfere with, control, or otherwise direct a physician's  
5 professional judgment.

6 Sec. 162.303. Employment of Physician Permitted. A  
7 hospital that (1) is designated as a critical access hospital under  
8 the authority of and in compliance with 42 U.S.C. Section 1395i-4 or  
9 as a sole community hospital under the authority of and in  
10 compliance with 42 U.S.C. Section 1395ww(d)(5)(D)(iii) or (2) is  
11 not located in a Metropolitan Statistical Area (MSA) as defined by  
12 the federal Office of Management and Budget. may employ a physician  
13 to provide medical services at the hospital and may retain all or  
14 part of the professional income generated by such physician for  
15 medical services provided at the hospital.

16 Sec. 162.304. Independent Medical Judgment of Physician.  
17 (a) A hospital subject to this subchapter shall adopt and maintain  
18 policies to ensure that a physician whose professional income is  
19 retained under Section 162.303 is exercising the physician's  
20 independent medical judgment in providing care to patients in the  
21 hospital.

22 (b) The policies adopted under this section must include  
23 policies relating to credentialing, quality assurance, utilization  
24 review, peer review, medical decision-making, and due process.

25 (c) Each physician employed by the hospital shall provide to  
26 the board biennially a signed statement indicating that the  
27 physician:

1           (1) is licensed by the board;

2           (2) will exercise independent medical judgment in all  
3 matters relating to credentialing, quality assurance, utilization  
4 review, peer review, medical decision-making, and due process; and

5           (3) will report immediately to the board any action or  
6 event that the physician reasonably and in good faith believes  
7 constitutes a compromise of the independent judgment of an employed  
8 physician in caring for a patient in the hospital.

9           Sec. 162.305. Certification of Hospital by Board. (a) A  
10 hospital that employs physicians and retains a physician's  
11 professional income under Section 162.303 must be certified by the  
12 board as being in compliance with this subchapter.

13           (b) The board shall prescribe an application form to be  
14 provided to the hospital and may adopt rules as necessary to  
15 administer this subchapter.

16           (c) The board may prescribe and assess a fee for the  
17 certification of a hospital and for investigation and review of the  
18 hospital in an amount not to exceed the fee assessed on an  
19 organization described by Section 162.001.

20           Sec. 162.306. Biennial Report. A hospital certified under  
21 Section 162.305 shall provide to the board a biennial report  
22 certifying that the hospital is in compliance with this subchapter.

23           Sec. 162.307. Suspension or Revocation of Certification.  
24 If the board determines at any time that a hospital certified under  
25 Section 162.305 has failed to comply with this subchapter, the  
26 board may suspend or revoke the hospital's certification.

27           SECTION 2. This act takes effect September 1, 2005.