

1-1 By: Staples S.B. No. 1378  
1-2 (In the Senate - Filed March 10, 2005; March 21, 2005, read  
1-3 first time and referred to Committee on Health and Human Services;  
1-4 April 6, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 6, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1378 By: Lindsay

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to the certification of certain nonprofit hospitals and  
1-11 hospital systems for limited liability.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsections (a), (c), and (d), Section 311.0456,  
1-14 Health and Safety Code, are amended to read as follows:

1-15 (a) In this section:

1-16 (1) "Department" [~~,"department"~~] means the [Texas]  
1-17 Department of State Health Services.

1-18 (2) "Nonprofit hospital" has the meaning assigned by  
1-19 Section 311.042(9)(A).

1-20 (c) To be eligible for certification under Subsection (d), a  
1-21 nonprofit hospital or hospital system must provide:

1-22 (1) charity care in an amount equal to at least eight  
1-23 percent of the net patient revenue of the hospital or hospital  
1-24 system during the most recent [~~preceding~~] fiscal year of the  
1-25 hospital or system; and

1-26 (2) at least 40 percent of the charity care provided in  
1-27 the county in which the hospital is located.

1-28 (d) To be certified under this subsection, a nonprofit  
1-29 hospital or hospital system must submit a written request for  
1-30 certification [~~a report based on its most recent completed and~~  
1-31 ~~audited prior fiscal year~~] to the department not later than May 31  
1-32 [~~April 30~~] of each year stating that the hospital or system is  
1-33 eligible for certification. The department must determine  
1-34 eligibility for certification [~~verify the information in the~~  
1-35 ~~report~~] not later than December [~~May~~] 31 of the year in which the  
1-36 department receives the request [~~report~~] by checking [~~the~~  
1-37 ~~information against~~] the report submitted [~~filed~~] by the hospital  
1-38 or system under Section 311.033 and the statement of community  
1-39 benefits and charity care submitted by the nonprofit hospital or  
1-40 hospital system under Section 311.045. If a report under Section  
1-41 311.033 is not available for all hospitals in a county in which a  
1-42 nonprofit hospital meeting the requirement of Subsection (c)(1) is  
1-43 requesting certification, the department shall determine the  
1-44 eligibility of the hospital or hospital system using other sources  
1-45 of verified charity care information available at the time of  
1-46 certification [~~311.046~~]. The [~~After the department has verified~~  
1-47 ~~the information in the report, the~~] department shall certify that  
1-48 the hospital or hospital system has met the requirements for  
1-49 certification. The certification issued under this subsection to a  
1-50 nonprofit hospital or hospital system takes effect on December  
1-51 [~~May~~] 31 of that year and expires on the anniversary of that date.

1-52 SECTION 2. (a) Notwithstanding Subsection (b), Section  
1-53 311.0456, Health and Safety Code, if this Act takes effect:

1-54 (1) before September 1, 2005, a certification issued  
1-55 by the Texas Department of Health or the Department of State Health  
1-56 Services in 2004 continues in effect until December 31, 2005; or

1-57 (2) on September 1, 2005, a certification issued by  
1-58 the Texas Department of Health or the Department of State Health  
1-59 Services that takes effect May 31, 2005, continues in effect until  
1-60 December 31, 2006.

1-61 (b) The change in law made by this Act to Section 311.0456,  
1-62 Health and Safety Code, applies only to a certification that occurs  
1-63 on or after the effective date of this Act. A certification that

2-1 occurs before the effective date of this Act is governed by the law  
2-2 in effect when the certification occurred, and the former law is  
2-3 continued in effect for that purpose.

2-4 SECTION 3. This Act takes effect immediately if it receives  
2-5 a vote of two-thirds of all the members elected to each house, as  
2-6 provided by Section 39, Article III, Texas Constitution. If this  
2-7 Act does not receive the vote necessary for immediate effect, this  
2-8 Act takes effect September 1, 2005.

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