By: Lindsay S.B. No. 1622

## A BILL TO BE ENTITLED

AN ACT

2	relating to physician referrals to certain facilities providing
3	speciality services.
4	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
5	SECTION 1. Section 108.011, Health and Safety Code, is
6	amended by adding Subsection (c-1) to read as follows:
7	(c-1) The council shall use public use data to prepare and
8	issue reports that provide information for review and analysis by
9	the Health and Human Services Commission and the Texas Department
10	of Insurance relating to services that are provided in a hospital,
11	ambulatory surgical center, or imaging center and that are provided
12	by a physician with an ownership interest in the facility.
13	SECTION 2. Subtitle G, Title 4, Health and Safety Code, is
14	amended by adding Chapter 323 to read as follows:
15	CHAPTER 323. CERTAIN FACILITIES PROVIDING SPECIALTY SERVICES
16	Sec. 323.001. APPLICABILITY OF CHAPTER. This chapter
17	applies only to a facility that is:
18	(1) a hospital licensed under Chapter 241 that:
19	(A) limits admissions according to one or more
20	medical or surgical specialties, types of disease, or medical
21	conditions; or
22	(B) limits hospital services to specified
23	surgical, diagnostic, or treatment procedures;
24	(2) an ambulatory surgical center licensed under

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- 1 Chapter 243; or
- 2 (3) a facility that primarily provides imaging
- 3 services and related services.
- 4 Sec. 323.002. RULES. The executive commissioner of the
- 5 Health and Human Services Commission shall adopt rules governing
- 6 the disclosure required by this chapter.
- 7 Sec. 323.003. DISCLOSURE OF PHYSICIAN OWNERSHIP INTEREST.
- 8 (a) A facility subject to this chapter shall disclose the name of
- 9 each physician who has any ownership interest in the facility. The
- 10 <u>disclosure must be:</u>
- 11 (1) posted in signs prominently displayed at the
- 12 facility;
- (2) provided to each patient before the patient
- 14 receives services at the facility;
- 15 <u>(3)</u> stated in advertising, brochures, and similar
- 16 materials that publicize the facility; and
- 17 (4) stated on any Internet site maintained by the
- 18 facility.
- 19 (b) A facility is not required to provide the disclosure
- 20 required by Subsection (a)(2) before providing urgent or emergency
- 21 <u>services.</u>
- SECTION 3. Subchapter B, Chapter 162, Occupations Code, is
- amended by adding Sections 162.052 and 162.053 to read as follows:
- Sec. 162.052. NOTICE OF CERTAIN OWNERSHIP INTERESTS. (a) A
- 25 physician shall notify the board and the Department of State Health
- 26 Services of any ownership interest held by the physician in a
- 27 facility described by Section 323.001, Health and Safety Code.

- 1 (b) The board, in consultation with the Department of State
- 2 Health Services, shall adopt rules governing the form and content
- 3 of the notice required by Subsection (a).
- 4 Sec. 162.053. TEMPORARY MORATORIUM ON REFERRAL TO CERTAIN
- 5 FACILITIES. (a) A physician may not refer a patient to a facility
- 6 described by Section 323.001, Health and Safety Code, if:
- 7 (1) the physician holds any ownership interest in the
- 8 facility; and
- 9 (2) the facility was not providing services before
- 10 <u>September 1, 2005.</u>
- 11 (b) This section expires September 1, 2007.
- 12 SECTION 4. The heading to Subchapter B, Chapter 162,
- Occupations Code, is amended to read as follows:
- 14 SUBCHAPTER B. OWNERSHIP OR FORMATION OF [AUTHORITY TO FORM]
- 15 CERTAIN ENTITIES
- 16 SECTION 5. (a) In this section, "niche facility" means a
- 17 facility described by Section 323.001, Health and Safety Code.
- 18 (b) The Health and Human Services Commission and the Texas
- 19 Department of Insurance shall jointly conduct a study regarding the
- 20 proliferation of niche facilities in this state and physician
- 21 referrals to niche facilities owned in whole or part by the
- 22 physician.
- 23 (c) The study must include:
- 24 (1) a comprehensive review of the provision of
- 25 services by niche facilities owned in whole or part by physicians;
- 26 and
- 27 (2) a comprehensive analysis of:

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- 1 (A) the financial impact on full-service
- 2 community hospitals of referrals by physicians to niche facilities
- 3 owned in whole or part by the referring physicians; and
- 4 (B) the impact of referrals described by
- 5 Paragraph (A) of this subdivision on access to health care in rural
- 6 and smaller urban areas in this state.
- 7 (d) Not later than December 1, 2006, the Health and Human
- 8 Services Commission and the Texas Department of Insurance shall
- 9 jointly submit a report to the governor, the lieutenant governor,
- 10 the speaker of the house of representatives, and the appropriate
- 11 standing committees of the legislature regarding the results of the
- 12 study conducted under this section.
- 13 (e) This section expires September 1, 2007.
- SECTION 6. This Act takes effect September 1, 2005.