

By: Ellis

S.B. No. 2278

A BILL TO BE ENTITLED

AN ACT

relating to charity care provided by certain nonprofit hospitals.

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

SECTION 1. Section 311.031(16), Health and Safety Code, is amended to read as follows:

(16) "Unreimbursed costs" means the costs a hospital incurs for providing individuals inpatient and outpatient services for which the hospital does not receive reimbursement from any source, including a third-party payor. The term does not include payor discounts or contractual adjustments in reimbursements to third-party payors or costs for which the hospital receives any partial payment for the related service, ~~[after subtracting payments received from any source for such services]~~ including but not limited to the following: third-party insurance payments; Medicare payments; Medicaid payments; Medicare education reimbursements; payments from Tricare or the Civilian Health and Medical Program of the Uniformed Services; state reimbursements for education; payments from drug companies to pursue research; grant funds for research; and disproportionate share payments. ~~[For purposes of this definition, the term "costs" shall be calculated by applying the cost to charge ratios derived in accordance with generally accepted accounting principles for hospitals to billed charges. The calculation of the cost to charge ratios shall be based on the most recently completed and audited prior fiscal year~~

1 ~~of the hospital or hospital system. Prior to January 1, 1996, for~~
2 ~~purposes of this definition, charitable contributions and grants to~~
3 ~~a hospital, including transfers from endowment or other funds~~
4 ~~controlled by the hospital or its nonprofit supporting entities,~~
5 ~~shall not be subtracted from the costs of providing services for~~
6 ~~purposes of determining unreimbursed costs. After January 1, 1996,~~
7 ~~for purposes of this definition, charitable contributions and~~
8 ~~grants to a hospital, including transfers from endowment or other~~
9 ~~funds controlled by the hospital or its nonprofit supporting~~
10 ~~entities, shall not be subtracted from the costs of providing~~
11 ~~services for purposes of determining the unreimbursed costs of~~
12 ~~charity care and government-sponsored indigent health care.]~~

13 SECTION 2. Section 311.033(a), Health and Safety Code, is
14 amended to read as follows:

15 (a) A hospital shall submit to the department financial and
16 utilization data for that hospital, including data relating to the
17 hospital's:

- 18 (1) total gross revenue, including:
 - 19 (A) Medicare gross revenue;
 - 20 (B) Medicaid gross revenue;
 - 21 (C) other revenue from state programs;
 - 22 (D) revenue from local government programs;
 - 23 (E) local tax support;
 - 24 (F) charitable contributions;
 - 25 (G) other third party payments;
 - 26 (H) gross inpatient revenue; ~~and~~
 - 27 (I) gross outpatient revenue;

1 (J) disproportionate share hospitals payment

2 program revenue;

3 (K) upper payment limit supplemental payment

4 program revenue;

5 (L) tobacco settlement proceeds; and

6 (M) federal grant funding, including payments

7 made for care for undocumented persons;

8 (2) total deductions from gross revenue, including:

9 (A) contractual allowance; and

10 (B) any other deductions;

11 (3) charity care;

12 (4) bad debt expense;

13 (5) total admissions, including:

14 (A) Medicare admissions;

15 (B) Medicaid admissions;

16 (C) admissions under a local government program;

17 (D) charity care admissions; and

18 (E) any other type of admission;

19 (6) total discharges;

20 (7) total patient days;

21 (8) average length of stay;

22 (9) total outpatient visits;

23 (10) total assets;

24 (11) total liabilities;

25 (12) estimates of unreimbursed costs of subsidized

26 health services reported separately in the following categories:

27 (A) emergency care and trauma care;

1 (B) neonatal intensive care;
2 (C) free-standing community clinics;
3 (D) collaborative efforts with local government
4 or private agencies in preventive medicine, such as immunization
5 programs; and

6 (E) other services that satisfy the definition of
7 "subsidized health services" contained in Section 311.031(13);

8 (13) donations;

9 (14) total cost of reimbursed and unreimbursed
10 research;

11 (15) total cost of reimbursed and unreimbursed
12 education separated into the following categories:

13 (A) education of physicians, nurses,
14 technicians, and other medical professionals and health care
15 providers;

16 (B) scholarships and funding to medical schools,
17 colleges, and universities for health professions education;

18 (C) education of patients concerning diseases
19 and home care in response to community needs;

20 (D) community health education through
21 informational programs, publications, and outreach activities in
22 response to community needs; and

23 (E) other educational services that satisfy the
24 definition of "education-related costs" under Section 311.031(6);
25 and

26 (16) the hospital's charge description master or
27 charge master.

1 SECTION 3. Section 311.042(2), Health and Safety Code, is
2 amended to read as follows:

3 (2) "Community benefits" means the unreimbursed cost
4 to a hospital of providing charity care, government-sponsored
5 indigent health care, donations, education, government-sponsored
6 program services, research, and subsidized health services.
7 Community benefits include programs or services to reduce
8 disparities by increasing the proportion of the population that has
9 access to health information and disease prevention and that are
10 described by the Community Guide to Preventive Services published
11 by the Centers for Disease Control and Prevention of the United
12 States Public Health Service. The term does not include the cost to
13 the hospital of paying any taxes or other governmental assessments,
14 uncollected fees or accounts written off as bad debt, costs
15 incurred as a result of partial but incomplete payment by
16 third-party insurance payments, Medicare payments, Medicaid
17 payments, or payments from Tricare or the Civilian Health and
18 Medical Program of the Uniformed Services.

19 SECTION 4. Section 311.045(b)(1), Health and Safety Code,
20 is amended to read as follows:

21 (1) A nonprofit hospital or hospital system may elect
22 to provide community benefits, which include charity care and
23 government-sponsored indigent health care, according to any of the
24 following standards:

25 (A) charity care and government-sponsored
26 indigent health care are provided at a level which is reasonable in
27 relation to the community needs, as determined through the

1 community needs assessment, the available resources of the hospital
2 or hospital system, and the tax-exempt benefits received by the
3 hospital or hospital system;

4 (B) charity care and government-sponsored
5 indigent health care are provided in an amount equal to at least 100
6 percent of the hospital's or hospital system's tax-exempt benefits,
7 excluding federal income tax; or

8 (C) charity care and community benefits are
9 provided in a combined amount equal to at least 10 [~~five~~] percent of
10 the hospital's or hospital system's net patient revenue, provided
11 that charity care and government-sponsored indigent health care are
12 provided in an amount equal to at least eight [~~four~~] percent of net
13 patient revenue.

14 SECTION 5. This Act takes effect September 1, 2009.