

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Craddick

H.B. No. 4730

A BILL TO BE ENTITLED

AN ACT

relating to the Martin County Hospital District.

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

SECTION 1. Section 3, Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, is amended to read as follows:

Sec. 3. (a) The Board of Hospital Managers consists of six managers appointed by the Martin County Commissioners Court. Managers serve staggered two-year terms, with three managers appointed each year. To be qualified to serve as a manager, a person must be a Hospital District resident and a registered voter.

An employee of the District may not serve as a manager. [As soon as the Hospital District is created and authorized at the election hereinabove provided, the Commissioners Court shall appoint a Board of Hospital Managers, consisting of six (6) members, three of whom shall serve for a term of two (2) years and three of whom shall serve for a term of one (1) year; thereafter, three members shall be appointed each year to serve for a term of two (2) years.] Failure

of any member of the Board of Hospital Managers to attend three (3) consecutive regular meetings of the Board shall cause a vacancy in his office, unless such absence is excused by formal action of the Board. In the event a vacancy occurs on the Board of Hospital Managers, the remaining members shall appoint a member to fill such vacancy for the remainder of the term of office so vacated. The Board of Hospital Managers shall serve without compensation but may

1 be reimbursed for their actual and necessary traveling and other  
2 expenses incurred in the performance of their duties as determined  
3 by the Board of Hospital Managers. The duties of the Board of the  
4 Hospital Managers shall be to manage, control and administer the  
5 hospital or hospital system of the Hospital District. The Board of  
6 Hospital Managers shall have the power and authority to sue and be  
7 sued and to promulgate rules and regulations for the operation of  
8 the hospital or hospital system, including the authority to adopt  
9 and amend bylaws governing the proceedings of the Board.

10       **(b)** The Board shall appoint a general manager, to be known  
11 as the Administrator of the Hospital District, and who shall  
12 receive such compensation as may be fixed by the Board. The  
13 Administrator shall be subject to removal at any time by the Board.  
14 The Administrator shall, before entering into the discharge of his  
15 duties, execute a bond payable to the District, in the amount of not  
16 less than Ten Thousand Dollars (\$10,000.00), conditioned that he  
17 shall well and faithfully perform the duties required of him, and  
18 containing such other conditions as the Board may require. The  
19 Board may pay for the bond with District money. The Administrator  
20 shall perform all duties which may be required of him by the Board,  
21 and shall supervise all of the work and activities of the District,  
22 and have general direction of the affairs of the District, within  
23 such limitations as may be prescribed by the Board. He shall be a  
24 person qualified by training and experience for the position of  
25 Administrator.

26       **(c)** The Board of Hospital Managers shall give the authority  
27 to the Administrator to employ such employees of every kind and

1 character as may be deemed advisable for the efficient operation of  
2 the hospital or hospital system.

3       (d) The Board of Hospital Managers shall be authorized to  
4 contract with any county for care and treatment of the county's  
5 sick, diseased and injured persons, and with the state and agencies  
6 of the Federal Government for the care and treatment of such persons  
7 for whom the state and such agencies of the Federal Government are  
8 responsible. Further, under the same conditions, the Board of  
9 Hospital Managers may enter into such contracts with the state and  
10 Federal Government as may be necessary to establish or continue a  
11 retirement program for the benefit of its employees.

12       (e) The Board of Hospital Managers may in addition to  
13 retirement programs authorized by this Act establish such other  
14 retirement program for the benefit of its employees as it deems  
15 necessary and advisable.

16       (f) A majority of the Board of Hospital Managers present  
17 shall constitute a quorum for the transaction of any business. The  
18 Board shall elect a Chair and Vice Chair from among its members.  
19 The Board shall appoint a Secretary, who need not be a manager.  
20 Each officer of the Board serves a one-year term. The Board shall  
21 fill a vacancy in a Board office for the remainder of the unexpired  
22 term. [~~From among its members, the Board shall choose a Chairman,~~  
23 ~~who shall preside, or in his absence a Chairman Pro Tem shall~~  
24 ~~preside, and the Administrator or any member of the Board may be~~  
25 ~~appointed Secretary.~~] The Board shall require the Secretary to  
26 keep suitable records of all proceedings of each meeting of the  
27 Board in accordance with Subchapter B, Chapter 551, Government

1 Code. [~~Such records shall be read and signed after each meeting by~~  
2 ~~the Chairman or the member presiding, and attested by the~~  
3 ~~Secretary. The Board shall have a seal, on which shall be engraved~~  
4 ~~the name of the Hospital District, and said seal shall be kept by~~  
5 ~~the Secretary and used in authentication of all acts of the Board.~~]

6 SECTION 2. Section 14, Chapter 674, Acts of the 60th  
7 Legislature, Regular Session, 1967, is amended to read as follows:

8 Sec. 14. (a) The Board of Hospital Managers shall have the  
9 power and authority to issue and sell general obligation [~~as the~~  
10 ~~obligations of such Hospital District,~~] bonds for the purchase,  
11 construction, acquisition, repair or renovation of buildings and  
12 improvements and equipping same, for hospital purposes and for any  
13 or all of such purposes; provided that a sufficient tax shall be  
14 levied to create an interest and sinking fund to pay the interest  
15 and principal as same matures and that said tax, together with any  
16 other taxes levied for said District, shall not exceed Seventy-five  
17 Cents (75¢) on the One Hundred Dollars (\$100.00) valuation of  
18 taxable property in any one year. Such bonds shall be executed in  
19 the name of the Hospital District and on its behalf by the Chairman  
20 of the Board of Hospital Managers, and countersigned by the  
21 Secretary of the Board, and shall be subject to the same  
22 requirements in the manner of approval thereof by the Attorney  
23 General of the State of Texas and registration thereof by the  
24 Comptroller of Public Accounts of the State of Texas as are by law  
25 provided for such approval and registration of bonds of the county;  
26 and the approval of such bonds by the Attorney General shall have  
27 the same force and effect as is by law given to his approval of bonds

1 of the county.

2       **(b) The Hospital District may issue general obligation**  
3 **bonds only if the bonds are authorized by a majority of the voters**  
4 **of the District voting in an election held for that purpose. The**  
5 **Board of Hospital Managers, in ordering the election, shall provide**  
6 **for clerks as in county elections and shall specify the date of the**  
7 **election, the location of the polling places, the presiding and**  
8 **alternate election judges for each polling place, the amount of the**  
9 **bonds to be authorized, and the maximum maturity of the bonds. The**  
10 **Board shall give notice of the Board election in the manner provided**  
11 **by Section 1251.003, Government Code. Chapter 41, Election Code,**  
12 **does not apply to an election held under this section. The Board**  
13 **shall declare the results of the election** [~~No bonds shall be issued~~  
14 ~~by such Hospital District (except refunding bonds) until authorized~~  
15 ~~by a majority vote of the legally qualified property taxpaying~~  
16 ~~voters residing in such Hospital District voting at an election~~  
17 ~~called and held in accordance with the provisions of Chapter 1,~~  
18 ~~Title 22, of the Revised Civil Statutes of the State of Texas~~  
19 ~~(1925), as amended, relating to county bonds. Such election shall~~  
20 ~~be called by the Board of Hospital Managers, and such Board shall~~  
21 ~~designate the places for holding said election and shall name the~~  
22 ~~persons who shall conduct said election, in the manner provided by~~  
23 ~~general law. In the event the initial bonds are voted at an~~  
24 ~~election called by the Commissioners Court at the time of the~~  
25 ~~election for the creation of the District, such initial election~~  
26 ~~shall be governed by the provisions of Section 2 hereof].~~

27       **(c)** In the manner hereinabove provided, the bonds of such

1 Hospital District may, without the necessity of any election  
2 therefor, be issued for the purpose of refunding or paying off any  
3 bonded indebtedness theretofore assumed by the Hospital District  
4 and any bonds theretofore issued by the Hospital District; such  
5 refunding bonds may be sold and the proceeds thereof applied to the  
6 payment of any such outstanding bonds or may be exchanged in whole  
7 or in part for not less than a like amount of said outstanding bonds  
8 and interest matured thereon, but unpaid; provided the average  
9 interest cost per annum on the refunding bonds, computed in  
10 accordance with the recognized standard bond interest cost tables,  
11 shall not exceed the average interest cost per annum so computed  
12 upon the bonds to be discharged out of the proceeds of the refunding  
13 bonds, unless the total interest cost on the refunding bonds,  
14 computed to their respective maturity dates, is less than the total  
15 interest cost so computed on the bonds to be discharged out of such  
16 proceeds. In the foregoing computations, any premium or premiums  
17 required to be paid upon the bonds to be refunded as a condition to  
18 the payment in advance of their stated maturity dates shall be taken  
19 into account as an addition to the net interest cost to the Hospital  
20 District of the refunding bonds.

21 (d) The Board of Hospital Managers may issue revenue bonds  
22 to purchase, construct, acquire, repair, renovate, or equip  
23 buildings or improvements for hospital purposes, or acquire sites  
24 to be used for hospital purposes. The bonds must be payable from  
25 and secured by a pledge of all or part of the revenue derived from  
26 the operation of the Hospital District's hospitals. The bonds may  
27 be additionally secured by a mortgage or deed of trust lien on all

1 or part of District property. The bonds must be issued in the  
2 manner and in accordance with the procedures and requirements  
3 prescribed by Sections 264.042, 264.043, 264.046, 264.047,  
4 264.048, and 264.049, Health and Safety Code, for issuance of  
5 revenue bonds by county hospital authorities.

6 SECTION 3. Chapter 674, Acts of the 60th Legislature,  
7 Regular Session, 1967, is amended by adding Sections 14A and 14B to  
8 read as follows:

9 Sec. 14A. In addition to the authority to issue general  
10 obligation bonds and revenue bonds under this Act, the Board of  
11 Hospital Managers may provide for the security and payment of  
12 Hospital District bonds from a pledge of a combination of ad valorem  
13 taxes as authorized by Section 14(a) of this Act and revenue and  
14 other sources authorized by Section 14(d) of this Act.

15 Sec. 14B. The Hospital District may use the proceeds of  
16 bonds issued under this Act to pay:

17 (1) any expense the Board of Hospital Managers  
18 determines is reasonable and necessary to issue, sell, and deliver  
19 the bonds;

20 (2) interest payments on the bonds during a period of  
21 acquisition or construction of a project or facility to be provided  
22 through the bonds, not to exceed five years;

23 (3) costs related to the operation and maintenance of  
24 a project or facility to be provided through the bonds:

25 (A) during an estimated period of acquisition or  
26 construction, not to exceed five years; and

27 (B) for one year after the project or facility is

1 acquired or constructed;

2 (4) costs related to the financing of the bond funds,  
3 including debt service reserve and contingency funds;

4 (5) costs related to the bond issuance;

5 (6) costs related to the acquisition of land or  
6 interests in land for a project or facility to be provided through  
7 the bonds; and

8 (7) costs of construction of a project or facility to  
9 be provided through the bonds, including the payment of related  
10 professional services and expenses.

11 SECTION 4. Chapter 674, Acts of the 60th Legislature,  
12 Regular Session, 1967, is amended by adding Section 17A to read as  
13 follows:

14 Sec. 17A. (a) The Hospital District may be dissolved only  
15 on approval of a majority of the voters of the District voting in an  
16 election held for that purpose.

17 (b) The Board of Hospital Managers may order an election on  
18 the question of dissolving the Hospital District and disposing of  
19 the District's assets and obligations.

20 (c) The Board of Hospital Managers shall order an election  
21 if the Board receives a petition requesting an election that is  
22 signed by at least 15 percent of the registered voters in the  
23 Hospital District.

24 (d) The order calling the election must state:

25 (1) the nature of the election, including the  
26 proposition to appear on the ballot;

27 (2) the date of the election;



1           (3) the hours during which the polls will be open; and

2           (4) the location of the polling places.

3           (e) Section 41.001(a), Election Code, does not apply to an  
4 election ordered under this section.

5           (f) The Board of Hospital Managers shall give notice of an  
6 election under this section by publishing once a week for two  
7 consecutive weeks a substantial copy of the election order in a  
8 newspaper with general circulation in the Hospital District. The  
9 first publication of the notice must appear not later than the 35th  
10 day before the date of the election.

11           (g) The ballot for an election under this section must be  
12 printed to permit voting for or against the proposition: "The  
13 dissolution of the Martin County Hospital District."

14           (h) If a majority of the votes in an election under this  
15 section favor dissolution, the Board of Hospital Managers shall  
16 find that the Hospital District is dissolved.

17           (i) If a majority of the votes in the election do not favor  
18 dissolution, the Board of Hospital Managers shall continue to  
19 administer the Hospital District and another election on the  
20 question of dissolution may not be held before the first  
21 anniversary of the date of the most recent election on the question  
22 of dissolution.

23           (j) If a majority of the votes in the election held under  
24 this section favor dissolution, the Board of Hospital Managers  
25 shall:

26           (1) transfer the land, buildings, improvements,  
27 equipment, and other assets that belong to the Hospital District to

1 Martin County or another governmental entity in Martin County; or  
2 (2) administer the property, assets, and debts until  
3 all money has been disposed of and all Hospital District debts have  
4 been paid or settled.

5 (k) If the Hospital District makes the transfer under  
6 Subsection (j)(1), the county or entity assumes all debts and  
7 obligations of the District at the time of the transfer, and the  
8 District is dissolved.

9 (l) If Subsection (j)(1) does not apply and the Board  
10 administers the property, assets, and debts of the Hospital  
11 District under Subsection (j)(2), the District is dissolved when  
12 all money has been disposed of and all District debts have been paid  
13 or settled.

14 (m) After the Board of Hospital Managers finds that the  
15 Hospital District is dissolved, the Board shall:

16 (1) determine the debt owed by the District; and  
17 (2) impose on the property included in the District's  
18 tax rolls a tax that is in proportion of the debt to the property  
19 value.

20 (n) On the payment of all outstanding debts and obligations  
21 of the Hospital District, the Board of Hospital Managers shall  
22 order the Secretary to return to each District taxpayer the  
23 taxpayer's pro rata share of all unused tax money.

24 (o) A taxpayer may request that the taxpayer's share of  
25 surplus tax money be credited to the taxpayer's county taxes. If a  
26 taxpayer requests the credit, the Board of Hospital Managers shall  
27 direct the Secretary to transmit the money to the county tax

1 assessor-collector.

2 (p) After the Hospital District has paid all its debts and  
3 has disposed of all its money and other assets as prescribed by this  
4 section, the Board of Hospital Managers shall file a written report  
5 with the Commissioners Court of Martin County summarizing the  
6 Board's actions in dissolving the District.

7 (q) Not later than the 10th day after the date the  
8 Commissioners Court of Martin County receives the report and  
9 determines that the requirements of this section have been  
10 fulfilled, the commissioners court shall enter an order dissolving  
11 the Hospital District and releasing the Board of Hospital Managers  
12 from any further duty or obligation.

13 SECTION 5. The changes in law made by this Act to the  
14 qualifications of and the prohibitions applying to members of the  
15 Board of Hospital Managers of the Martin County Hospital District  
16 do not affect the entitlement of a member serving on the Board  
17 immediately before the effective date of this Act to continue to  
18 carry out the functions of the Board for the remainder of the  
19 member's term. The changes in law apply only to a member appointed  
20 on or after the effective date of this Act. This Act does not  
21 prohibit a person who is a member of the Board on the effective date  
22 of this Act from being reappointed to the Board if the person has  
23 the qualifications required for membership under Section 3, Chapter  
24 674, Acts of the 60th Legislature, Regular Session, 1967, as  
25 amended by this Act.

26 SECTION 6. This Act takes effect immediately if it receives  
27 a vote of two-thirds of all the members elected to each house, as

H.B. No. 4730

1 provided by Section 39, Article III, Texas Constitution. If this  
2 Act does not receive the vote necessary for immediate effect, this  
3 Act takes effect September 1, 2009.


# ADOPTED

FLOOR AMENDMENT NO. 1

MAY 25 2009

BY:



  
Secretary of the Senate

1 Amend H.B. 4730 (Senate committee printing) by adding the  
2 following appropriately numbered SECTIONS and renumbering any  
3 subsequent SECTIONS of the bill accordingly:

4 SECTION \_\_\_\_ (a) The board may employ physicians or other  
5 health care providers as the board considers necessary for the  
6 efficient operation of the district.

7 (b) The board shall adopt and maintain policies to ensure  
8 that a physician employed under this section exercises  
9 independent medical judgment when providing care to patients at  
10 the hospital operated by the district. The policies adopted  
11 under this subsection must include policies relating to:

12 (1) credentialing;

13 (2) quality assurance;

14 (3) utilization review;

15 (4) peer review;

16 (5) medical decision-making; and

17 (6) due process.

18 (c) A physician employed by the district under this  
19 section is subject to the same standards and procedures  
20 regarding credentialing, peer review, quality of care, and  
21 privileges as a physician not employed by the district.

22 (d) The district shall give equal consideration regarding  
23 the issuance of credentials and privileges to physicians  
24 employed by the hospital and physicians not employed by the  
25 district.

26 (e) A physician employed by the district shall retain  
27 independent medical judgment in providing care to patients at  
28 the hospital operated by the district and may not be penalized  
29 for reasonably advocating for patient care.

1        (f) This section may not be construed as altering,  
2 voiding, or prohibiting any relationship between a hospital and  
3 a physician, including a contract or arrangement with an  
4 approved nonprofit health corporation that is certified under  
5 Section 162.001(b), Occupations Code, and that holds a  
6 certificate of authority issued under Chapter 844, Insurance  
7 Code.

8        (g) A contract to employ a physician pursuant to this  
9 section shall not include a covenant not to compete upon  
10 termination of the contract.

11        (h) This section may not be construed as authorizing the  
12 board to supervise or control the practice of medicine, as  
13 prohibited by Subtitle B, Title 3, Occupations Code.

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 28, 2009**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4730** by Craddick (Relating to the Martin County Hospital District.), **As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB





**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 11, 2009**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE:** **HB4730** by Craddick (Relating to the Martin County Hospital District.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 22, 2009**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4730** by Craddick (Relating to the Martin County Hospital District.), **Committee Report  
1st House, Substituted**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 30, 2009**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB4730** by Craddick (Relating to the Martin County Hospital District.), **As Introduced**

**No fiscal implication to the State is anticipated.**

**Local Government Impact**

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

**Source Agencies:**

**LBB Staff:** JOB, DB

