BILL ANALYSIS

H.B. 1327
By: Darby
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to one state entity, there are approximately 50 small rural hospitals located in a county or hospital district with a minimal total tax base. Many of these hospitals are quite old, in need of major renovation or replacement, and originally built with federal money. Many face difficulty in complying with current safety codes and could fall out of compliance over time. For many of these counties and hospital districts, the federal government no longer assists financially with hospital construction and the burden of hospital renovation and restoration now rests entirely with the local community. In most cases, property taxes are the primary local resource, but with a low tax base it would be difficult to raise taxes sufficiently to pay for the replacement of a hospital without substantial outside assistance. H.B. 1327 seeks to alleviate this problem by establishing a rural safety net hospital infrastructure program.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Rural Affairs in SECTIONS 2 and 3 of this bill.

ANALYSIS

H.B. 1327 amends the Government Code to create the rural safety net hospital infrastructure program by authorizing the Texas Department of Rural Affairs to use money appropriated to the department under the rural safety net hospital infrastructure account, established by the bill, to make a grant to a public or nonprofit hospital located in a rural county. The bill authorizes a grant recipient to use the money only for the construction of new health facilities. The bill prohibits a grant awarded under the program from exceeding the lesser of 50 percent of the contracted cost for construction of the new health facility or $10 million. The bill requires the department to require a grantee to provide matching funds equal to or greater than the amount of a grant awarded under the program. The bill prohibits a grant applicant from applying for a grant under the program and for a rural health facility capital improvement grant if the purpose of the application for the grant is the construction of a new health facility in a rural county.

H.B. 1327 authorizes the department, in administering the rural safety net hospital infrastructure program, to enter into and enforce contracts and execute and deliver conveyances and other instruments necessary to make and administer grants awarded under the program; impose and collect reasonable fees and charges in connection with grants made under the program and provide reasonable penalties for delinquent payment of fees or charges; and adopt rules necessary to implement the program. The bill authorizes the department to use money appropriated to the department under the permanent fund for rural health facility capital improvement as necessary to implement the program. The bill prohibits expenses related to the administration of the program and other continuing expenses under the program from being paid from money appropriated to the department under that fund.

H.B. 1327 requires the department to adopt rules that establish eligibility criteria for receiving a grant under the program. The bill requires the adopted rules to provide that, to be eligible to receive a grant under the program, a hospital must be located in a county or hospital district in which the total taxable value of all taxable property is not more than $750 million, as shown by the most recent certified appraisal tax roll prepared by the appraisal district for the appropriate county or counties; be designated as a critical access hospital under the authority of and in compliance with the federal Medicare rural hospital flexibility program, or as a sole community hospital, as that term is defined by federal law; be located in a facility or facilities where a majority of the total square footage is at least 25 years old; and provide 24-hour emergency care services. The bill requires the department to compile and maintain a list of qualifying rural hospitals and the age of the facilities used by those hospitals.

H.B. 1327 requires the department to establish criteria for prioritizing applicants for a grant under the program. The bill requires the department, in establishing criteria, to give first preference to applicants located in a county or hospital district in which the total taxable value of all taxable property is not more than $250 million, as shown by the most recent certified appraisal tax roll prepared by the appraisal district for the applicable county or counties, and to give second preference to applicants with the oldest qualifying health facilities.

H.B. 1327 establishes that the rural safety net hospital infrastructure account is an account in the general revenue fund that may be appropriated only to the department for the purposes and activities authorized by the program and for reasonable administrative expenses under the program. The bill provides that the account consists of all money appropriated for the purposes of the program, any gifts, grants, or donations received for the purposes of the program, and interest earned on money in the account. The bill exempts the account from the application of provisions of law governing the use of dedicated revenue. The bill adds the rural safety net hospital infrastructure program to the programs for which the available earnings of the permanent fund for rural health facility capital improvement are authorized to be appropriated to the department. The bill defines "nonprofit hospital" and "program" and provides for the meanings of "public hospital" and "rural county" by reference.

H.B. 1327 requires the department, not later than September 1, 2012, to compile the information and adopt the rules and eligibility standards required by the bill's provisions. The bill prohibits the department from awarding a grant under the program before September 1, 2013. The bill specifies that its provisions do not make an appropriation and that a provision of the bill creating a new governmental program or new entitlement or imposing a new duty on a governmental entity is not mandatory during a fiscal period for which a specific legislative appropriation is not made to implement the provision.

EFFECTIVE DATE

September 1, 2011.