

## **BILL ANALYSIS**

C.S.H.B. 1568  
By: Coleman  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It is the opinion of interested parties that the corporate practice of medicine generally restricts the direct employment of physicians by certain corporate entities. It is unclear, however, as to how this applies to certain governmental entities. Nonprofit medical schools, federally qualified health centers, and certain nonprofit corporations are currently allowed to employ physicians. Moreover, recently passed legislation authorized the Dallas County Hospital District to engage in the direct employment of physicians. C.S.H.B. 1568 seeks to expand the authority of the Harris County Hospital District and certain local governmental entities to appoint, contract for, or employ physicians.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1568 amends the Health and Safety Code to authorize the board of the Harris County Hospital District to appoint, contract for, or employ physicians as the board considers necessary for the efficient operation of the district and prohibits the term of an employment contract entered into under the bill's provisions from exceeding four years. The bill requires the authority granted to the board to employ physicians to apply only as necessary for the district to fulfill the district's statutory mandate to provide medical care for the indigent and needy residents of the district. The bill requires the medical executive board of the district to adopt, maintain, and enforce policies to ensure that a physician employed by the district exercises the physician's independent medical judgment in providing care to patients. The bill requires the policies adopted by the medical executive board to include rules requiring the disclosure of financial conflicts of interest by a member of the medical executive board and policies relating to governance of the medical executive board, credentialing, quality assurance, utilization review, peer review, medical decision-making, and due process. The bill provides that in the event of a conflict between a policy adopted by the medical executive board under the bill's provisions and a policy of the district, the medical executive board policy prevails. The bill requires a member of the medical executive board who is a physician to provide biennially to the chair of the board a signed, verified statement indicating that the board member is licensed by the Texas Medical Board; will exercise independent medical judgment in all board matters; will exercise the board member's best efforts to ensure compliance with the policies adopted or established by the board; and will report immediately to the Texas Medical Board any action or event that the board member reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient. The bill requires each physician employed by the hospital district, for all matters relating to the practice of medicine, to ultimately report to the chair of the medical executive board for the district. The bill prohibits these provisions from being construed as authorizing the board to supervise or control the practice of medicine as prohibited by the Medical Practice Act.

C.S.H.B. 1568 amends the Local Government Code to authorize the commissioners court of a county to appoint, contract for, or employ physicians to provide health care services to inmates in the custody of the sheriff. The bill prohibits that authorization from being construed as authorizing the commissioners court to supervise or control the practice of medicine as prohibited by the Medical Practice Act.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 1568 contains a provision not included in the original requiring the authority granted to the board of the Harris County Hospital District to employ physicians to apply only as necessary for the district to fulfill the district's statutory mandate to provide medical care for the district's indigent and needy residents.

C.S.H.B. 1568 contains a provision not included in the original requiring the medical executive board of the district to adopt, maintain, and enforce certain policies to ensure that a district-employed physician exercises the physician's independent medical judgment in providing patient care. The substitute differs from the original by requiring the policies to include policies relating to governance of the medical executive board, credentialing, quality assurance, utilization review, peer review, medical decision-making, and due process, whereas the original establishes that a physician employed by the district is subject to the same standards and procedures regarding credentialing, peer review, quality of care, and privileges as a physician not employed by the district. The substitute contains a provision not included in the original requiring the policies to include rules requiring the disclosure of financial conflicts of interest by a medical executive board member. The substitute contains provisions not included in the original providing who prevails in the event of a conflict between a medical executive board policy under the substitute's provisions and a district policy and requiring a member of the medical executive board who is a physician to provide biennially to the chair of the medical executive board a signed, verified statement indicating that the board member meets certain qualifications and will comply with certain expectations. The substitute contains a provision not included in the original requiring each physician employed by the district to ultimately report to the chair of the medical executive board for the district for all matters relating to the practice of medicine.

C.S.H.B. 1568 differs from the original by authorizing the commissioners court of a county to appoint, contract for, or employ physicians to provide health care services to inmates in the custody of the sheriff, whereas the original authorizes the commissioners court of a county with a population of 3.3 million or more to take such actions.