

## **BILL ANALYSIS**

S.B. 310  
By: Seliger  
County Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, the board of directors (board) of the Dallam-Hartley Counties Hospital District (district) may appoint any doctors they consider necessary for the efficient operation of the district. The district, like many rural hospitals, has had a very hard time attracting physicians to practice in the communities it serves. Current law limits the district's ability to hire employees.

S.B. 310 authorizes the district's board to hire physicians or other health care providers as it deems necessary. This bill does not authorize the board to supervise or control the practice of medicine, as prohibited by Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code.

S.B. 310 also prescribes procedures for dissolving the district at an election held for that purpose, including transferring assets and imposing a tax.

S.B. 310 amends current law relating to the Dallam-Hartley Counties Hospital District.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **ANALYSIS**

SECTION 1. Amends Section 1018.061, Special District Local Laws Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Authorizes the board of directors (board) of the Dallam-Hartley Counties Hospital District (district), except as provided by Section 1018.0615, to delegate to the district administrator the authority to hire district employees, including technicians and nurses.

(d) Authorizes the board to employ physicians, but only as provided by Section 1018.0615. Authorizes the board to employ other health care providers as the board considers necessary for the efficient operation of the district.

SECTION 2. Amends Subchapter B, Chapter 1018, Special District Local Laws Code, by adding Section 1018.0615, as follows:

Sec. 1018.0615. EMPLOYMENT OF PHYSICIANS. (a) Authorizes the board to employ a physician and retain all or part of the professional income generated by the physician for medical services provided at a hospital or other health care facility owned or operated by the district if the board satisfies the requirements of this section.

(b) Requires the board to appoint a chief medical officer for the district, and 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.

(c) Requires that the policies adopted under this section include policies relating to credentialing, quality assurance, utilization review, peer review, and medical decision-making; and the implementation of a complaint mechanism to process

and resolve complaints regarding interference or attempted interference with a physician's independent medical judgment.

(d) Requires that the policies adopted under this section be approved by the chief medical officer of the district, and prevail over a conflicting policy of the district.

(e) Requires each physician employed by the board, for all matters relating to the practice of medicine, to ultimately report to the chief medical officer of the district.

(f) Provides that the chief medical officer will report immediately to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(g) Prohibits the board from delegating to the district administrator the authority to hire a physician.

(h) Prohibits this section from being construed as authorizing the board to supervise or control the practice of medicine as prohibited by Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code.

SECTION 3. Amends Section 1018.161, Special District Local Laws Code, as follows:

Sec. 1018.161. New heading: GENERAL AUTHORITY TO BORROW MONEY; SECURITY. (a) Authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made, rather than borrowing money for district operating expenses in an amount not to exceed the amount of tax or other revenue the district expects to receive during the fiscal year in which the money is borrowed.

(b) Authorizes the board, to secure a loan, to pledge:

(1) district revenue that is not pledged to pay the district's bonded indebtedness;

(2) a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or

(3) district bonds that have been authorized but not sold.

(c) Requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date the loan is made. Requires a loan for which district revenue is pledged to mature not later than the fifth anniversary of the date the loan is made. Deletes existing text authorizing the district, to repay the debt, to pledge all or part of the tax or other revenue received during the fiscal year in which the board borrows money under this section.

SECTION 4. Amends Subchapter E, Chapter 1018, Special District Local Laws Code, by adding Sections 1018.209 and 1018.210, as follows:

Sec. 1018.209. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1018.202 and revenue and other sources authorized by Section 1018.206.

Sec. 1018.210. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years; and for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 5. Amends Chapter 1018, Special District Local Laws Code, by adding Subchapter G, as follows:

#### SUBCHAPTER G. DISSOLUTION

Sec. 1018.301. DISSOLUTION; ELECTION. (a) Authorizes the district to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) Requires the board to order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) Requires the order calling the election to state the nature of the election, including the proposition to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

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

Sec. 1018.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district.

(b) Requires that the first publication of the notice appear not later than the 35th day before the date set for the election.

Sec. 1018.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition: "The dissolution of the Dallam-Hartley Counties Hospital District."

Sec. 1018.304. ELECTION RESULTS. (a) Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to find that the district is dissolved.

(b) Requires the board, if a majority of the votes in the election do not favor dissolution, to continue to administer the district and another election on the question of dissolution may not be held before the first anniversary of the date of the most recent election on the question of dissolution.

Sec. 1018.305. TRANSFER OF ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in the election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Dallam County or Hartley County or another governmental entity in Dallam County or Hartley County; or

(2) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b) Provides that, if the district makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(c) Provides that, if Subsection (a)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (a)(2), the district is dissolved when all money has been disposed of and all district debts have been paid or settled.

Sec. 1018.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board finds that the district is dissolved, to determine the debt owed by the district, and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(b) Requires the board, on the payment of all outstanding debts and obligations of the district, to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(c) Authorizes a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. Requires the board, if a taxpayer requests the credit, to direct the secretary to transmit the money to the appropriate county tax assessor-collector.

Sec. 1018.307. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, to file a written report with the Commissioners Courts of Dallam and Hartley Counties summarizing the board's actions in dissolving the district.

(b) Requires the commissioners court, not later than the 10th day after the date the Commissioners Court of Dallam County receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order approving dissolution of the district and releasing the board from any further duty or obligation as to Dallam County.

(c) Requires the commissioners court, not later than the 10th day after the date the Commissioners Court of Hartley County receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order approving dissolution of the district and releasing the board from any further duty or obligation as to Hartley County.

(d) Provides that dissolution under this section is complete on entry of the later of the two orders described by Subsections (b) and (c).

**EFFECTIVE DATE**

Effective date: upon passage or September 1, 2011.