

1 AN ACT

2 relating to the employment of physicians by certain hospitals
3 associated with nonprofit fraternal organizations.

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

5 SECTION 1. Chapter 311, Health and Safety Code, is amended
6 by adding Subchapter E to read as follows:

7 SUBCHAPTER E. EMPLOYMENT OF PHYSICIANS BY CERTAIN HOSPITALS
8 ASSOCIATED WITH NONPROFIT FRATERNAL ORGANIZATIONS

9 Sec. 311.061. APPLICABILITY OF SUBCHAPTER. This subchapter
10 applies only to a hospital that employs or seeks to employ a
11 physician, that primarily provides medical care to children younger
12 than 18 years of age, and that:

13 (1) is owned or operated by a nonprofit fraternal
14 organization; or

15 (2) has a governing body the majority of members of
16 which belong to a nonprofit fraternal organization.

17 Sec. 311.062. EMPLOYMENT OF PHYSICIANS PERMITTED. (a) A
18 hospital may employ a physician and retain all or part of the
19 professional income generated by the physician for medical services
20 provided at the hospital if the hospital satisfies the requirements
21 of this subchapter.

22 (b) The billing and receipt of third-party reimbursement
23 for medical care at a hospital does not affect the authority granted
24 to the hospital under this section.

1 Sec. 311.063. DUTIES AND HOSPITAL POLICIES. (a) A
2 hospital that employs physicians under this subchapter shall:

3 (1) appoint a chief medical officer, who may be a
4 member of the hospital's medical staff;

5 (2) adopt, maintain, and enforce policies to ensure
6 that a physician employed by the hospital exercises the physician's
7 independent medical judgment in providing care to patients at the
8 hospital; and

9 (3) designate the chief medical officer as the contact
10 for the Texas Medical Board for all matters relating to complaints
11 regarding interference or attempted interference with a
12 physician's independent medical judgment or any other matter under
13 this section.

14 (b) The person appointed as chief medical officer shall
15 report the person's appointment to the Texas Medical Board.

16 (c) The policies adopted under this section must include:

17 (1) policies relating to:

18 (A) credentialing;

19 (B) quality assurance;

20 (C) utilization review;

21 (D) peer review; and

22 (E) medical decision-making; and

23 (2) the implementation of a complaint mechanism to
24 process and resolve complaints regarding interference or attempted
25 interference with a physician's independent medical judgment.

26 (d) The policies adopted under this section must be approved
27 by the chief medical officer.

1 (e) In the event of a conflict between a policy approved by
2 the chief medical officer and any other policy of the hospital, a
3 conflict management process shall be jointly developed and
4 implemented to resolve the conflict.

5 (f) For all matters relating to the practice of medicine,
6 each physician employed by a hospital under this subchapter shall
7 ultimately report to the chief medical officer.

8 (g) The chief medical officer shall immediately report to
9 the Texas Medical Board any action or event that the chief medical
10 officer reasonably and in good faith believes constitutes a
11 compromise of the independent medical judgment of a physician in
12 caring for a patient.

13 Sec. 311.064. CONSTRUCTION OF SUBCHAPTER. This subchapter
14 may not be construed as authorizing the governing body of a hospital
15 to supervise or control the practice of medicine as prohibited
16 under Subtitle B, Title 3, Occupations Code.

17 SECTION 2. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2011.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 761 passed the Senate on March 24, 2011, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 26, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 761 passed the House, with amendment, on May 20, 2011, by the following vote: Yeas 146, Nays 0, three present not voting.

Chief Clerk of the House

Approved:

Date

Governor