

By: West

S.B. No. 761

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

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

1 Sec. 311.063. HOSPITAL DUTIES AND POLICIES. (a) A hospital
2 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; and

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.

9 (b) The policies adopted under this section must include:

10 (1) policies relating to:

11 (A) credentialing;

12 (B) quality assurance;

13 (C) utilization review;

14 (D) peer review; and

15 (E) medical decision-making; and

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

19 (c) The policies adopted under this section must be approved
20 by the chief medical officer of the hospital.

21 (d) For all matters relating to the practice of medicine,
22 each physician employed by a hospital under this subchapter shall
23 ultimately report to the chief medical officer of the hospital.

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

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