

By: Ellis

S.B. No. 1819

A BILL TO BE ENTITLED

AN ACT

relating to charity care provided by certain nonprofit hospitals.

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

SECTION 1. Section 311.031(16), Health and Safety Code, is amended to read as follows:

(16) "Unreimbursed costs" means the costs a hospital incurs for providing individuals inpatient and outpatient services for which the hospital does not receive reimbursement from any source, including a third-party payor. The term does not include payor discounts or contractual adjustments in reimbursements to third-party payors or costs for which the hospital receives any partial payment for the related service, ~~[after subtracting payments received from any source for such services]~~ including but not limited to the following: third-party insurance payments; Medicare payments; Medicaid payments; Medicare education reimbursements; payments from Tricare or the Civilian Health and Medical Program of the Uniformed Services; state reimbursements for education; payments from drug companies to pursue research; grant funds for research; and disproportionate share payments. For purposes of this definition, the term "costs" shall be calculated by applying the cost to charge ratios, according to the hospital's most recently filed Medicare cost report, ~~[derived in accordance with generally accepted accounting principles for hospitals]~~ to billed charges. For ~~[The calculation of the cost to charge ratios~~

1 ~~shall be based on the most recently completed and audited prior~~  
2 ~~fiscal year of the hospital or hospital system. Prior to January 1,~~  
3 ~~1996, for purposes of this definition, charitable contributions and~~  
4 ~~grants to a hospital, including transfers from endowment or other~~  
5 ~~funds controlled by the hospital or its nonprofit supporting~~  
6 ~~entities, shall not be subtracted from the costs of providing~~  
7 ~~services for purposes of determining unreimbursed costs. After~~  
8 ~~January 1, 1996, for] purposes of this definition, charitable~~  
9 contributions and grants to a hospital, including transfers from  
10 endowment or other funds controlled by the hospital or its  
11 nonprofit supporting entities, shall not be subtracted from the  
12 costs of providing services for purposes of determining the  
13 unreimbursed costs of charity care and government-sponsored  
14 indigent health care.

15 SECTION 2. Section 311.033(a), Health and Safety Code, is  
16 amended to read as follows:

17 (a) A hospital shall submit to the department financial and  
18 utilization data for that hospital, including data relating to the  
19 hospital's:

- 20 (1) total gross revenue, including:
- 21 (A) Medicare gross revenue;
  - 22 (B) Medicaid gross revenue;
  - 23 (C) other revenue from state programs;
  - 24 (D) revenue from local government programs;
  - 25 (E) local tax support;
  - 26 (F) charitable contributions;
  - 27 (G) other third party payments;

- 1 (H) gross inpatient revenue; [~~and~~]  
2 (I) gross outpatient revenue;  
3 (J) disproportionate share hospitals payment  
4 program revenue;  
5 (K) upper payment limit supplemental payment  
6 program revenue;  
7 (L) tobacco settlement proceeds; and  
8 (M) federal grant funding, including payments  
9 made for care for undocumented persons;  
10 (2) total deductions from gross revenue, including:  
11 (A) contractual allowance; and  
12 (B) any other deductions;  
13 (3) charity care;  
14 (4) bad debt expense;  
15 (5) total admissions, including:  
16 (A) Medicare admissions;  
17 (B) Medicaid admissions;  
18 (C) admissions under a local government program;  
19 (D) charity care admissions; and  
20 (E) any other type of admission;  
21 (6) total discharges;  
22 (7) total patient days;  
23 (8) average length of stay;  
24 (9) total outpatient visits;  
25 (10) total assets;  
26 (11) total liabilities;  
27 (12) estimates of unreimbursed costs of subsidized

1 health services reported separately in the following categories:

2 (A) emergency care and trauma care;

3 (B) neonatal intensive care;

4 (C) free-standing community clinics;

5 (D) collaborative efforts with local government  
6 or private agencies in preventive medicine, such as immunization  
7 programs; and

8 (E) other services that satisfy the definition of  
9 "subsidized health services" contained in Section 311.031(15)  
10 [~~311.031(13)~~];

11 (13) donations;

12 (14) total cost of reimbursed and unreimbursed  
13 research;

14 (15) total cost of reimbursed and unreimbursed  
15 education separated into the following categories:

16 (A) education of physicians, nurses,  
17 technicians, and other medical professionals and health care  
18 providers;

19 (B) scholarships and funding to medical schools,  
20 colleges, and universities for health professions education;

21 (C) education of patients concerning disease  
22 management [~~diseases~~] and in-home [~~home~~] care in response to  
23 community needs;

24 (D) community health education through promotion  
25 and disease prevention [~~informational~~] programs, publications, and  
26 outreach activities in response to community needs; and

27 (E) other educational services that satisfy the

1 definition of "education-related costs" under Section 311.031(6);  
2 and

3 (16) charge description master or charge master.

4 SECTION 3. Section 311.042(2), Health and Safety Code, is  
5 amended to read as follows:

6 (2) "Community benefits" means the unreimbursed cost  
7 to a hospital of providing charity care, government-sponsored  
8 indigent health care, donations, education, government-sponsored  
9 program services, including unreimbursed costs resulting from  
10 defined services covered by Medicare, Medicaid, Tricare, or the  
11 Civilian Health and Medical Program of the Uniformed Services,  
12 research, and subsidized health services. Community benefits  
13 include community-based prevention programs and programs or  
14 services to reduce health disparities in the community served by  
15 the hospital by increasing the proportion of the population that  
16 has access to health information and disease prevention that are  
17 described by the Guide to Community Preventive Services published  
18 by the Centers for Disease Control and Prevention of the United  
19 States Public Health Service. The term does not include the cost to  
20 the hospital of paying any taxes or other governmental assessments,  
21 uncollected fees, or accounts written off as bad debt.

22 SECTION 4. Section 311.043(c), Health and Safety Code, is  
23 amended to read as follows:

24 (c) Reductions in the amount of community benefits, which  
25 include [~~includes~~] charity care and government-sponsored indigent  
26 health care, provided by a nonprofit hospital shall be considered  
27 reasonable when [~~the financial reserves of the hospital are reduced~~

1 ~~to such a level that the hospital would be in violation of any~~  
2 ~~applicable bond covenants, when]~~ necessary to prevent the hospital  
3 from endangering its ability to continue operations, or if the  
4 hospital, as a result of a natural or other disaster, is required  
5 substantially to curtail its operations.

6 SECTION 5. This Act takes effect September 1, 2011.