

BILL ANALYSIS

H.B. 1727
By: Bohac
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law allows health care providers such as physicians, clinics, and certain ancillary service providers to deduct 100 percent of funds derived from serving patients covered by publicly funded insurance programs such as Medicaid and Medicare, as well as the cost of any uncompensated care provided, from the providers' taxable revenue in calculating franchise tax liability. Privately owned hospitals and other institutions such as ambulatory surgical centers, assisted living facilities, birthing centers, and nursing homes, however, are limited to deducting only 50 percent while serving the same patient population.

Interested parties contend that this raises equity concerns within the state's health care delivery system as well as questions about the impact on access to health care for people covered under publicly funded insurance. While health care providers generally look to serve all patients in need of services, the parties maintain that there should not be a tax disincentive for institutions providing care to patients who are covered by public programs. H.B. 1727 seeks to address these concerns and questions by eliminating the tax computation discrepancy for health care institutions that care for publicly funded patients.

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

H.B. 1727 repeals Section 171.1011(o), Tax Code, relating to requiring a health care provider that is a health care institution to exclude from its total revenue for purposes of computing the franchise tax 50 percent of the amounts of the actual cost to the health care provider for any uncompensated care provided, under certain conditions, and of payments received by the health care provider under certain public assistance programs, for professional services provided in relation to a workers' compensation claim, and for professional services provided to a beneficiary rendered under the TRICARE military health system.

EFFECTIVE DATE

January 1, 2014.