

By: Guillen

H.B. No. 1445

A BILL TO BE ENTITLED

1 AN ACT

2 relating to measures to support or enhance graduate medical
3 education in this state, including the transfer of assets following
4 the dissolution of the Texas Medical Liability Insurance
5 Underwriting Association.

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

7 SECTION 1. Subchapter A, Chapter 58A, Education Code, is
8 amended by adding Section 58A.002 to read as follows:

9 Sec. 58A.002. PERMANENT FUND SUPPORTING GRADUATE MEDICAL
10 EDUCATION. (a) In this section, "trust company" means the Texas
11 Treasury Safekeeping Trust Company.

12 (b) The permanent fund supporting graduate medical
13 education is a special fund in the treasury outside the general
14 revenue fund. The fund is composed of:

15 (1) money transferred or appropriated to the fund by
16 the legislature;

17 (2) gifts and grants contributed to the fund; and

18 (3) the returns received from investment of money in
19 the fund.

20 (c) The trust company shall administer the fund. The trust
21 company shall determine the amount available for distribution from
22 the fund, determined in accordance with a distribution policy that
23 is adopted by the comptroller and designed to preserve the
24 purchasing power of the fund's assets and to provide a stable and

1 predictable stream of annual distributions. Expenses of managing
2 the fund's assets shall be paid from the fund. Except as provided
3 by this section, money in the fund may not be used for any purpose.
4 Sections 403.095 and 404.071, Government Code, do not apply to the
5 fund.

6 (d) In managing the assets of the fund, through procedures
7 and subject to restrictions the trust company considers
8 appropriate, the trust company may acquire, exchange, sell,
9 supervise, manage, or retain any kind of investment that a prudent
10 investor, exercising reasonable care, skill, and caution, would
11 acquire or retain in light of the purposes, terms, distribution
12 requirements, and other circumstances of the fund then prevailing,
13 taking into consideration the investment of all the assets of the
14 fund rather than a single investment.

15 (e) The amount available for distribution from the fund may
16 be appropriated only to fund the programs created under this
17 chapter and any other programs designed to support or enhance
18 graduate medical education in this state.

19 (f) A public or private institution of higher education or
20 other entity that may receive money under a program described by
21 Subsection (e) may solicit and accept gifts and grants to the fund.
22 A gift or grant to the fund must be distributed and appropriated for
23 the purposes of the fund, subject to any limitation or requirement
24 placed on the gift or grant by the donor or granting entity.

25 SECTION 2. Chapter 58A, Education Code, is amended by
26 adding Subchapters D, E, and F to read as follows:

1 SUBCHAPTER D. CRITICAL SHORTAGE PHYSICIAN GRANT PROGRAM

2 Sec. 58A.101. DEFINITIONS. In this subchapter:

3 (1) "Center" means the comprehensive health
4 professions resource center established under Chapter 105, Health
5 and Safety Code.

6 (2) "Graduate medical residency training program"
7 means a residency or other postgraduate medical training program:

8 (A) participation in which may be counted toward
9 certification in a medical specialty or subspecialty; and

10 (B) that:

11 (i) is accredited by the Accreditation
12 Council for Graduate Medical Education or the American Osteopathic
13 Association; or

14 (ii) demonstrates eligibility to apply for
15 and receive an accreditation described by Subparagraph (i).

16 (3) "Program" means the critical shortage physician
17 grant program established under this subchapter.

18 (4) "Teaching hospital" means a teaching hospital
19 affiliated with a medical school that is described as a medical and
20 dental unit under Section [61.003](#).

21 Sec. 58A.102. ESTABLISHMENT OF PROGRAM. The board shall
22 establish the critical shortage physician grant program to provide
23 grants to teaching hospitals for graduate medical residency
24 training programs to increase the number of physicians in the
25 medical specialties and subspecialties that are determined by the
26 board to be at a critical shortage level in this state.

27 Sec. 58A.103. RULES. (a) The board shall adopt rules to

1 administer the program, including rules regarding:

2 (1) a grant application process;

3 (2) reporting requirements for grant recipients; and

4 (3) requirements and benchmarks for grant recipients
5 to satisfy regarding the granting of additional program funding
6 under Section 58A.106.

7 (b) The rules adopted under Subsection (a) must require
8 grant recipients to submit reports at least quarterly, based on
9 outcome measures established by the board in consultation with the
10 Legislative Budget Board.

11 Sec. 58A.104. ELIGIBILITY. To be eligible to receive a
12 grant under this subchapter, a teaching hospital must:

13 (1) provide a number of graduate medical residency
14 positions in excess of both the cap on the number of positions
15 funded by direct graduate medical education payments made under
16 Section 1886(h), Social Security Act (42 U.S.C. Section 1395ww(h)),
17 and the cap on the number of positions funded by indirect medical
18 education payments made under Section 1886(d)(5)(B), Social
19 Security Act (42 U.S.C. Section 1395ww(d)(5)(B)); and

20 (2) offer or seek to offer one or more graduate medical
21 residency training programs in a specialty described by Section
22 58.008(a) or in any other medical specialty or subspecialty
23 determined by the board to be at a critical shortage level in this
24 state.

25 Sec. 58A.105. USE OF FUNDS. In each state fiscal year, the
26 board shall award grants for establishing new accredited graduate
27 medical residency training programs or increasing the number of

1 residency positions in existing accredited graduate medical
2 residency training programs in specialties described by Section
3 58.008(a) or in any other medical specialties or subspecialties
4 determined by the board to be at a critical shortage level in this
5 state.

6 Sec. 58A.106. ADDITIONAL USE: START-UP COSTS. (a) If in a
7 state fiscal year excess program funds remain after funds are
8 granted under Section 58A.105, the board may grant additional
9 program funding to teaching hospitals to pay any start-up costs
10 associated with establishing and seeking accreditation for a new
11 graduate medical residency training program in a specialty
12 described by Section 58.008(a) or in any other medical specialty or
13 subspecialty determined by the board to be at a critical shortage
14 level in this state, provided that no other federal or state funding
15 is available for that program.

16 (b) To be eligible for funding under this section, start-up
17 costs must be directly related to the establishment or
18 accreditation of the new program.

19 (c) The board may grant program funding under this section
20 to pay a percentage of the total amount of applicable start-up costs
21 for the teaching hospital, not to exceed 20 percent.

22 Sec. 58A.107. REDUCTION IN FUNDING. The board shall limit
23 or withhold funding from grant recipients that do not comply with
24 reporting requirements or that use grant funds for a purpose not
25 authorized by this subchapter. The board shall seek reimbursement
26 with respect to any grant funds that are not used for purposes
27 authorized by this subchapter.

1 Sec. 58A.108. CRITERIA FOR DETERMINING CRITICAL SHORTAGE
2 LEVELS. (a) For purposes of this subchapter, the board shall
3 determine critical shortage levels for medical specialties and
4 subspecialties in this state according to criteria used by the
5 United States Department of Health and Human Services Health
6 Resources and Services Administration to designate health
7 professional shortage areas.

8 (b) In its methodology for determining critical shortage
9 levels under this section, the board shall include the results of
10 the research conducted by the center under Section 105.009(a)(1),
11 Health and Safety Code, and similar research performed by other
12 appropriate entities.

13 SUBCHAPTER E. TEXAS TEACHING HEALTH CENTER

14 GRADUATE MEDICAL EDUCATION GRANT PROGRAM

15 Sec. 58A.121. DEFINITIONS. In this subchapter:

16 (1) "Graduate medical residency training program"
17 means a residency or other postgraduate medical training program:

18 (A) participation in which may be counted toward
19 certification in a medical specialty or subspecialty; and

20 (B) that:

21 (i) is accredited by the Accreditation
22 Council for Graduate Medical Education or the American Osteopathic
23 Association; or

24 (ii) demonstrates eligibility to apply for
25 and receive an accreditation described by Subparagraph (i).

26 (2) "Primary care residency program" means a graduate
27 medical residency training program in a specialty described by

1 Section 58.008(a).

2 (3) "Program" means the Texas teaching health center
3 graduate medical education grant program established under this
4 subchapter.

5 (4) "Teaching health center" means a community-based,
6 ambulatory patient care center that operates a primary care
7 residency program. The term includes:

8 (A) a federally qualified health center, as
9 defined by Section 1905(1)(2)(B), Social Security Act (42 U.S.C.
10 Section 1396d(1)(2)(B));

11 (B) a community mental health center, as defined
12 by Section 1861(ff)(3)(B), Social Security Act (42 U.S.C. Section
13 1395x(ff)(3)(B));

14 (C) a rural health clinic, as defined by Section
15 1861(aa)(2), Social Security Act (42 U.S.C. Section 1395x(aa)(2));

16 (D) a health center operated by the Indian Health
17 Service, an Indian tribe or tribal organization, or an urban Indian
18 organization, as defined by Section 4, Indian Health Care
19 Improvement Act (25 U.S.C. Section 1603); and

20 (E) an entity receiving funds under Title X,
21 Public Health Service Act (42 U.S.C. Section 300 et seq.).

22 Sec. 58A.122. ESTABLISHMENT OF PROGRAM. The board shall
23 establish the Texas teaching health center graduate medical
24 education grant program to award grants to teaching health centers
25 for the purpose of establishing new primary care residency programs
26 or increasing the number of residency positions in existing primary
27 care residency programs.

1 Sec. 58A.123. RULES. (a) The board shall adopt rules to
2 administer the program, including rules regarding:

3 (1) a grant application process;

4 (2) reporting requirements for grant recipients under
5 Section 58A.128; and

6 (3) the amount of the payments for direct expenses and
7 indirect expenses, as defined by and calculated in the same manner
8 as those expenses are calculated under the federal rules described
9 by Subsection (b).

10 (b) The rules adopted under this subchapter must be based as
11 nearly as possible on the rules adopted under the federal teaching
12 health centers development grant program established under Section
13 5508, Patient Protection and Affordable Care Act of 2010 (Pub. L.
14 No. 111-148).

15 (c) The rules adopted in relation to the reporting
16 requirements under Section 58A.128 must also:

17 (1) authorize the board to conduct audits of grant
18 recipients to the extent necessary to ensure the accuracy and
19 completeness of their annual reports; and

20 (2) specify a mandatory amount of reduction in grant
21 funds under Section 58A.127 for a failure to submit an accurate or
22 complete report.

23 Sec. 58A.124. AMOUNT AND DURATION OF GRANT. Subject to
24 Section 58A.127, the board may award grants under this subchapter
25 for a term of not more than three years, and the maximum award to a
26 recipient may not exceed \$500,000 during each state fiscal year.

27 Sec. 58A.125. RELATIONSHIP OF GRANTS TO OTHER FEDERAL

1 PAYMENTS FOR GRADUATE MEDICAL EDUCATION. A grant awarded by the
2 board under this subchapter is in addition to any payments for:

3 (1) direct graduate medical education costs under
4 Section 1886(h), Social Security Act (42 U.S.C. Section 1395ww(h));

5 (2) indirect medical education costs under Section
6 1886(d)(5)(B), Social Security Act (42 U.S.C. Section
7 1395ww(d)(5)(B)); and

8 (3) direct costs of medical education under Section
9 1886(k), Social Security Act (42 U.S.C. Section 1395ww(k)).

10 Sec. 58A.126. USE OF FUNDS. A grant awarded under this
11 subchapter may be used only to cover the costs of establishing a new
12 primary care residency program at a teaching health center or the
13 costs of increasing the number of residency positions in an
14 existing primary care residency program, including costs
15 associated with:

16 (1) curriculum development;

17 (2) recruitment, training, and retention of residents
18 and faculty;

19 (3) obtaining accreditation by the Accreditation
20 Council for Graduate Medical Education or the American Osteopathic
21 Association; and

22 (4) faculty salaries during the development phase.

23 Sec. 58A.127. REDUCTION IN FUNDING. The board shall limit
24 or withhold funding from grant recipients that do not comply with
25 reporting requirements or that use grant funds for a purpose not
26 authorized by this subchapter. The board shall seek reimbursement
27 with respect to any grant funds that are not used for purposes

1 authorized by this subchapter.

2 Sec. 58A.128. REPORTING. (a) A grant recipient shall
3 submit an annual report that fully accounts for the use of a grant
4 awarded under this subchapter.

5 (b) The annual report must be made in the form and manner
6 specified by the board and must include the following information
7 for the most recent residency academic year completed immediately
8 before the applicable state fiscal year:

9 (1) the types of primary care residency programs that
10 the grant recipient provided for residents;

11 (2) the number of approved training positions in those
12 programs for part-time or full-time residents;

13 (3) the number of part-time or full-time residents
14 who:

15 (A) completed their residency training in those
16 programs at the end of the residency academic year; and

17 (B) care for vulnerable populations living in
18 underserved areas; and

19 (4) any other information considered appropriate by
20 the board.

21 SUBCHAPTER F. GRADUATE MEDICAL EDUCATION

22 PARTNERSHIP GRANT PROGRAM

23 Sec. 58A.151. DEFINITIONS. In this subchapter:

24 (1) "Graduate medical education partnership" means a
25 partnership entered into by a teaching health center and an
26 accredited graduate medical residency training program offered by a
27 hospital or medical school.

1 (2) "Graduate medical residency training program"
2 means a residency or other postgraduate medical training program:

3 (A) participation in which may be counted toward
4 certification in a medical specialty or subspecialty; and

5 (B) that:

6 (i) is accredited by the Accreditation
7 Council for Graduate Medical Education or the American Osteopathic
8 Association; or

9 (ii) demonstrates eligibility to apply for
10 and receive an accreditation described by Subparagraph (i).

11 (3) "Primary care residency program" means a graduate
12 medical residency training program in a specialty described by
13 Section 58.008(a).

14 (4) "Program" means the graduate medical education
15 partnership grant program established under this subchapter.

16 (5) "Teaching health center" means a community-based,
17 ambulatory patient care center that operates a primary care
18 residency program. The term includes:

19 (A) a federally qualified health center, as
20 defined by Section 1905(1)(2)(B), Social Security Act (42 U.S.C.
21 Section 1396d(1)(2)(B));

22 (B) a community mental health center, as defined
23 by Section 1861(ff)(3)(B), Social Security Act (42 U.S.C. Section
24 1395x(ff)(3)(B));

25 (C) a rural health clinic, as defined by Section
26 1861(aa)(2), Social Security Act (42 U.S.C. Section 1395x(aa)(2));

27 (D) a health center operated by the Indian Health

1 Service, an Indian tribe or tribal organization, or an urban Indian
2 organization, as defined by Section 4, Indian Health Care
3 Improvement Act (25 U.S.C. Section 1603); and

4 (E) an entity receiving funds under Title X,
5 Public Health Service Act (42 U.S.C. Section 300 et seq.).

6 Sec. 58A.152. ESTABLISHMENT OF PROGRAM. The board shall
7 establish the graduate medical education partnership grant program
8 to allow a teaching health center that is establishing and seeking
9 accreditation for a new primary care residency program to partner
10 with an accredited graduate medical residency training program
11 offered by a hospital or medical school.

12 Sec. 58A.153. RULES. The board shall adopt rules to
13 administer the program, including rules regarding a grant
14 application process and reporting requirements for grant
15 recipients.

16 Sec. 58A.154. USE OF FUNDS. The board shall award grants to
17 each participant in a graduate medical education partnership to:

18 (1) facilitate a mentoring relationship between
19 partners that will provide information and guidance for the
20 participating teaching health center during the accreditation
21 process; and

22 (2) assist the partners in building a collaborative
23 working relationship for the future.

24 Sec. 58A.155. REDUCTION IN FUNDING. The board shall limit
25 or withhold funding from grant recipients that do not comply with
26 reporting requirements or that use grant funds for a purpose not
27 authorized by this subchapter. The board shall seek reimbursement

1 for any grant funds that are not used for purposes authorized by
2 this subchapter.

3 SECTION 3. Chapter 105, Health and Safety Code, is amended
4 by adding Section 105.009 to read as follows:

5 Sec. 105.009. RESEARCH REGARDING GRADUATE MEDICAL
6 EDUCATION SYSTEM. (a) The comprehensive health professions
7 resource center shall conduct research:

8 (1) to identify:

9 (A) the ratio of primary care to non-primary care
10 physicians that is necessary and appropriate to meet the current
11 and future health care needs of this state; and

12 (B) all medical specialties and subspecialties
13 that are at critical shortage levels in this state, together with
14 the geographic location of the physicians in those specialties and
15 subspecialties; and

16 (2) regarding the overall supply of physicians in this
17 state and any other issues that are relevant to the status of the
18 state's graduate medical education system and the ability of that
19 system to meet the current and future health care needs of this
20 state.

21 (b) Not later than August 31 of each even-numbered year, the
22 council shall report the results of the center's research to the
23 Legislative Budget Board, the Texas Higher Education Coordinating
24 Board, the office of the governor, and the standing committees of
25 each house of the legislature with primary jurisdiction over state
26 finance or appropriations.

27 SECTION 4. Chapter 2203, Insurance Code, is amended by

1 adding Subchapter J to read as follows:

2 SUBCHAPTER J. DISSOLUTION OF ASSOCIATION; REACTIVATION OF
3 ASSOCIATION BY COMMISSIONER

4 Sec. 2203.451. DISSOLUTION DATE. The association shall
5 cease all operations before and is dissolved on August 31, 2017.

6 Sec. 2203.452. DISSOLUTION PLAN. (a) The board of
7 directors, in consultation with the department, shall develop a
8 dissolution plan to:

9 (1) wind down and cease the association's operations
10 before the dissolution date established by this subchapter; and

11 (2) transfer to the commissioner and the department:

12 (A) any obligations of the association that
13 survive the association's dissolution;

14 (B) any rights of the association that:

15 (i) accrued before the association's
16 dissolution and survive the association's dissolution; or

17 (ii) accrue after the association's
18 dissolution with respect to coverage issued by the association
19 before the association's dissolution;

20 (C) any authority previously held by the
21 association the continuation of which is necessary or appropriate;
22 and

23 (D) subject to Section 2203.456, any association
24 assets.

25 (b) The dissolution plan may provide that the obligations,
26 rights, authority, and, subject to Section 2203.456, assets
27 transferred to the commissioner and department may be transferred

1 to a liquidator appointed by the commissioner.

2 (c) The dissolution plan must be adopted by the commissioner
3 by rule.

4 Sec. 2203.453. ISSUANCE AND RENEWAL OF INSURANCE COVERAGE;
5 TERMINATION OF POLICIES. The association may not issue or renew
6 an insurance policy on or after the effective date of this
7 subchapter. A policy issued or renewed by the association before
8 that date shall continue in force until terminated in accordance
9 with the terms and conditions of the policy.

10 Sec. 2203.454. ACCEPTANCE AND DISPOSITION OF CLAIMS. (a)
11 The association may continue to accept claims under association
12 policies until:

13 (1) the dissolution date established by this
14 subchapter; or

15 (2) an earlier claims acceptance deadline established
16 in the dissolution plan.

17 (b) The dissolution plan must establish processes to ensure
18 that, to the maximum extent reasonably possible, claims made under
19 association policies before the dissolution date established by
20 this subchapter are processed and paid or otherwise appropriately
21 disposed of before the dissolution date established by this
22 subchapter.

23 (c) The dissolution plan must provide that the department or
24 a liquidator appointed in accordance with the dissolution plan
25 will:

26 (1) take over the processing and disposition of any
27 claims under association policies accepted by the association that

1 are outstanding on the dissolution date established by this
2 subchapter; and

3 (2) accept, process, and dispose of any claims under
4 association policies that are made after the latest date on which
5 the association accepts claims under Subsection (a).

6 Sec. 2203.455. POST-DISSOLUTION CLAIMS. (a) The
7 dissolution plan must provide for a reasonable and actuarially
8 sound arrangement, through retention of reserves, purchase of
9 reinsurance, or otherwise, to ensure that sufficient resources
10 remain available to pay liability of the association that may arise
11 in connection with claims made under association policies on or
12 after the dissolution date established by this subchapter.

13 (b) If the arrangement provided under Subsection (a) proves
14 inadequate, the claims that cannot be satisfied shall be treated as
15 claims against an insolvent insurer liquidated under Chapter 443.

16 Sec. 2203.456. TRANSFER OF ASSETS. (a) Not later than
17 October 1, 2017, association assets not retained by the department
18 under Subsection (b) or otherwise transferred or applied in
19 accordance with this section shall be transferred to the permanent
20 fund supporting graduate medical education established under
21 Section 58A.002, Education Code.

22 (b) The department shall retain assets sufficient to pay
23 claims under association policies that are outstanding on the asset
24 transfer date established by Subsection (a). The department shall
25 retain, transfer, or apply association assets as necessary for the
26 portion of the dissolution plan required by Section 2203.455(a).

27 (c) If a liquidator is appointed under the dissolution plan,

1 the department may transfer assets to the liquidator in accordance
2 with the dissolution plan.

3 (d) Assets of the policyholder's stabilization reserve fund
4 for nursing homes and assisted living facilities established under
5 Section 2203.303 shall be transferred to the general revenue fund
6 to be appropriated as provided by Section 2203.303(e).

7 Sec. 2203.457. ANNUAL REPORT. The department shall, as
8 part of each annual report made under Section 32.021 after the asset
9 transfer date established by Section 2203.456(a):

10 (1) account for assets retained under Section
11 2203.456(b) or transferred under Section 2203.456(c) or (d); and

12 (2) report on the receipt, processing, and disposition
13 of claims under association policies.

14 Sec. 2203.458. REACTIVATION OF ASSOCIATION. (a) After the
15 dissolution of the association and the transfer of the
16 association's assets in accordance with this subchapter, the
17 commissioner may, after notice and hearing, order the reactivation
18 of the association and authorize the association to resume
19 operations in accordance with the provisions of this chapter other
20 than this subchapter.

21 (b) A hearing to determine the need to reactivate the
22 association shall be held:

23 (1) on petition of:

24 (A) the Texas Medical Association;

25 (B) the Texas Podiatric Medical Association;

26 (C) the Texas Hospital Association; or

27 (D) at least 15 physicians or health care

1 providers practicing or operating in this state; or

2 (2) on a finding by the commissioner that physicians
3 or health care providers, or any category of physicians or health
4 care providers, in this state are threatened with the possibility
5 of being unable to secure medical liability insurance.

6 (c) Not later than the 15th day before the date set for a
7 hearing under this section, notice of the hearing shall be given to
8 each insurer that would be a member of the association under Section
9 2203.055 if the association were reactivated.

10 (d) If the commissioner finds the reactivation of the
11 association is in the public interest, the commissioner shall order
12 the reactivation of the association. In making a determination
13 under this section, the commissioner shall consider the potential
14 impact on and harm or benefit to consumers of health care,
15 physicians and health care providers, and the overall availability
16 of medical liability insurance in this state. The order must:

17 (1) designate the category or categories of physicians
18 or health care providers who are eligible to secure medical
19 liability insurance coverage from the association; and

20 (2) specify a date that is not fewer than 15 or more
21 than 60 days after the date of the order on which the provisions of
22 this chapter other than this subchapter become effective.

23 (e) If an order of reactivation is made under this section,
24 the provisions of this chapter other than this subchapter shall
25 take effect as if they had been enacted into law with the effective
26 date specified in the commissioner's order.

27 (f) The commissioner's order shall specify a deadline for

1 the initial election and appointment of members of the board of
2 directors under Section 2203.052. Notwithstanding Section
3 2203.052, the initial term for each director elected or appointed
4 under this section expires on the first October 1 that follows the
5 election and appointment deadline specified in the order.

6 Sec. 2203.459. DISSOLUTION AFTER REACTIVATION. (a) After
7 reactivation of the association under Section 2203.458, the
8 commissioner may, after notice and hearing, order the dissolution
9 of the association. Dissolution of the association under this
10 section shall be done in accordance with the provisions of this
11 subchapter that governed the dissolution of the association on the
12 dissolution date established by Section 2203.451.

13 (b) A hearing to determine whether to dissolve the
14 association under this section shall be held only at the
15 commissioner's discretion.

16 (c) The commissioner shall issue an order to dissolve the
17 association under this section if the commissioner finds that:

18 (1) there is no category of physicians or health care
19 providers in this state threatened with the possibility of being
20 unable to secure medical liability insurance; and

21 (2) dissolution of the association is in the public
22 interest.

23 (d) In making a determination under Subsection (c)(2), the
24 commissioner shall consider the potential impact on and harm or
25 benefit to consumers of health care, physicians and health care
26 providers, and the overall availability of medical liability
27 insurance in this state.

1 (e) The commissioner's order must:

2 (1) prescribe:

3 (A) a dissolution date;

4 (B) a date on and after which the association may
5 not issue or renew insurance policies; and

6 (C) an asset transfer date; and

7 (2) direct the board of directors to develop a
8 dissolution plan in accordance with this subchapter.

9 (f) A dissolution plan developed under this section must be
10 adopted by the commissioner by rule.

11 (g) On the asset transfer date prescribed by the
12 commissioner's order, association assets not retained by the
13 department or otherwise transferred or applied in accordance with
14 Section 2203.456(b) or (c) shall be transferred to the general
15 revenue fund. After that date, the department shall report on
16 assets and claims as prescribed by Section 2203.457.

17 SECTION 5. Sections [2203.303](#)(d) and (e), Insurance Code,
18 are amended to read as follows:

19 (d) The [~~Notwithstanding Sections 11, 12, and 13, Article~~
20 ~~21.49-3, the~~] policyholder's stabilization reserve fund under this
21 section may be terminated only by law.

22 (e) On [~~Notwithstanding Section 11, Article 21.49-3, on~~]
23 termination of the policyholder's stabilization reserve fund under
24 this section, all assets of the fund shall be transferred to the
25 general revenue fund to be appropriated for purposes related to
26 ensuring the provision of the kinds of liability insurance coverage
27 that the association may provide under this chapter to nursing

1 homes and assisted living facilities.

2 SECTION 6. Articles 21.49-3 and 21.49-3a, Insurance Code,
3 are repealed.

4 SECTION 7. (a) Not later than December 31, 2015, the Texas
5 Higher Education Coordinating Board shall adopt rules for the
6 critical shortage physician grant program, the Texas teaching
7 health center graduate medical education grant program, and the
8 graduate medical education partnership grant program established
9 under Subchapters D, E, and F, Chapter 58A, Education Code,
10 respectively, as added by this Act.

11 (b) The board shall award grants under the programs
12 described by Subsection (a) of this section beginning with the
13 2016-2017 state fiscal year.

14 SECTION 8. This Act takes effect immediately if it receives
15 a vote of two-thirds of all the members elected to each house, as
16 provided by Section 39, Article III, Texas Constitution. If this
17 Act does not receive the vote necessary for immediate effect, this
18 Act takes effect September 1, 2015.