

By: Schwertner

S.B. No. 934

A BILL TO BE ENTITLED

AN ACT

relating to health care liability insurance for certain long-term care facilities.

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

SECTION 1. Subchapter B, Chapter 242, Health and Safety Code, is amended by adding Section 242.0337 to read as follows:

Sec. 242.0337. LIABILITY INSURANCE COVERAGE. (a) In this section:

(1) "Governmental unit" has the meaning assigned by Section 101.001, Civil Practice and Remedies Code.

(2) "Health care liability claim" has the meaning assigned by Section 74.001, Civil Practice and Remedies Code.

(b) To hold a license under this chapter, an institution must maintain professional liability insurance coverage against the liability of the institution or the institution's employees for a health care liability claim.

(c) The insurance coverage maintained by an institution under this section:

(1) must provide coverage annually in the minimum amount of \$300,000 per occurrence and \$1 million aggregate, except as provided by Subsection (d);

(2) must be written on an occurrence basis;

(3) must be issued by:

(A) an insurer authorized to write professional

1 liability insurance in this state;

2 (B) the Texas Medical Liability Insurance
3 Underwriting Association established under Chapter 2203, Insurance
4 Code; or

5 (C) an eligible surplus lines insurer in
6 accordance with Chapter 981, Insurance Code;

7 (4) may not include the cost of defense of a claim
8 under the coverage in the coverage's liability limit; and

9 (5) must be in a form acceptable to the department.

10 (d) For an institution owned and operated by a governmental
11 unit, the insurance coverage maintained by the institution must
12 provide coverage only to the extent of the governmental unit's
13 liability under Section 101.023, Civil Practice and Remedies Code.

14 (e) A management company that manages an institution owned
15 by a governmental unit shall maintain professional liability
16 insurance coverage against the liability of the management company
17 or the company's employees for a health care liability claim as
18 described by Subsections (c)(1)-(5). The coverage required by this
19 subsection is in addition to the insurance coverage maintained by
20 the institution under Subsection (b).

21 (f) To the extent permitted by federal law and applicable
22 state and federal rules, the cost of insurance coverage required to
23 be maintained under this section is an allowable cost for
24 reimbursement under the state Medicaid program.

25 SECTION 2. This Act takes effect September 1, 2017.