

## **BILL ANALYSIS**

S.B. 1097  
By: Parker  
Judiciary & Civil Jurisprudence  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Decatur Hospital Authority, doing business as The Wise Health System, is a municipal hospital authority and political subdivision that owns and operates a 150-licensed-bed acute care hospital in Wise County and multiple affiliated ancillary facilities. Wise County is beginning to experience significant growth, which is expected to continue during the next decade. The new and changing financial realities of the health care system as a whole are making it increasingly difficult for independent systems like the authority to remain independent hospital operators. These challenges are increasing regardless of location, but are especially true in markets like Wise County that are experiencing this significant growth. To ensure access to capital and resources that will help keep health care local, ensure continued jobs for health care workers, and grow and enhance services for its patients, the authority seeks to strategically align with a larger system.

Currently, the law is unclear regarding preexisting liabilities of the authority, as a political subdivision, in an acquisition of the authority by a national health care facility operator. Resolution of the issue is necessary because no reputable purchaser would agree to be exposed to a known or unknown claim that may predate their potential ownership. S.B. 1097 seeks to address this issue by revising current law relating to liability of certain municipal hospital authorities under a contract for the sale of a hospital.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

S.B. 1097 amends the Health and Safety Code to establish that a municipal hospital authority that is wholly located in a county with a population of less than 70,000 and that enters into a contract to sell a hospital owned by the authority waives governmental immunity to a suit for the purpose of adjudicating a claim for breach of the contract. The bill prohibits a claimant for such a breach of contract claim from being awarded consequential or exemplary damages or a total amount that exceeds the amount due and owed by the municipal hospital authority under the contract.

S.B. 1097 authorizes a municipal hospital authority that enters into such a contract to indemnify the purchaser of the hospital according to the terms of the contract. The bill applies only to a contract entered into on or after the bill's effective date.

**EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.