

BILL ANALYSIS

C.S.H.B. 5076
By: Leach
Judiciary & Civil Jurisprudence
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the corporate practice of medicine doctrine protects the physician-patient relationship and a physician's ability to exercise independent medical judgment by prohibiting non-physicians or corporate entities from directing, controlling, or interfering in the practice of medicine. Texas statute currently subjects non-profit health organizations (NPHOs) to this doctrine by prohibiting them, through both civil and criminal penalties, from directing, controlling, or interfering with the medical care provided by a physician they employ.

The bill author has informed the committee, however, that the Texas 13th Court of Appeals recently ruled that an NPHO is vicariously liable for an employed physician's independent medical judgment, contradicting the standards of Texas' corporate practice of medicine doctrine. Without legislative action, Texas law could simultaneously prohibit an NPHO from directing, controlling, or interfering with a physician's independent medical judgment while also imposing vicarious liability as if the NPHO does control, direct, or interfere with that judgment.

C.S.H.B. 5076 addresses this issue by clarifying that an NPHO is not vicariously liable for the independent medical judgment and acts of an employed physician if the NPHO does not interfere with, control, or otherwise direct the independent medical judgment of the physician when providing medical care to patients. The bill takes this action in order to preserve the status quo and understanding of the law.

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

C.S.H.B. 5076 amends the Occupations Code to prohibit a qualifying nonprofit health organization certified by the Texas Medical Board from being held vicariously liable for medical care provided for the organization by a physician the organization employs if the organization complies with a statutory requirement to adopt, maintain, and enforce policies to ensure that an employed physician exercises independent medical judgment when providing care to patients and the organization does not interfere with, control, or otherwise direct the physician's independent medical judgment when the physician provides that care.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

C.S.H.B. 5076 differs from the introduced in minor or nonsubstantive ways by conforming to certain bill drafting conventions.