

By: Oliverson, Frank

H.B. No. 3708

Substitute the following for H.B. No. 3708:

By: VanDeaver

C.S.H.B. No. 3708

A BILL TO BE ENTITLED

AN ACT

1
2 relating to charity care provided by certain nonprofit hospitals
3 and hospital systems and the calculation of net patient revenue for
4 purposes of determining the charity care provided by those
5 entities; authorizing an administrative penalty.

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

7 SECTION 1. Section 311.045, Health and Safety Code, is
8 amended by adding Subsection (g) to read as follows:

9 (g) Notwithstanding Section 311.042(15), when calculating
10 net patient revenue for the purposes of Subsection (b)(1)(C) of
11 this section, a nonprofit hospital or hospital system shall include
12 the revenue of each of its facilities and practices offering
13 medical services that are located in this state and under the common
14 governance of a single corporate parent, regardless of the
15 facility's or practice's distance from the corporate parent,
16 excepting, as provided by Subsection (d) of this section, any
17 facility or practice that has been designated as a disproportionate
18 share hospital under the state Medicaid program.

19 SECTION 2. Subchapter D, Chapter 311, Health and Safety
20 Code, is amended by adding Section 311.0453 to read as follows:

21 Sec. 311.0453. CHARITY CARE SCREENING. (a) In this
22 section:

23 (1) "Charity program" means a hospital's or hospital
24 system's financial assistance and charity care program.

1 (2) "Commission" means the Health and Human Services
2 Commission.

3 (3) "Executive commissioner" means the executive
4 commissioner of the commission.

5 (b) This section applies only to:

6 (1) a nonprofit hospital that has not been designated
7 as a disproportionate share hospital under the state Medicaid
8 program; or

9 (2) with respect to a hospital system, a facility in
10 the system that has not been designated as a disproportionate share
11 hospital under the state Medicaid program.

12 (c) A nonprofit hospital or hospital system to which this
13 section applies shall inform each patient of the existence of, and
14 screen each patient for eligibility for, the hospital's or hospital
15 system's charity program in accordance with this section.

16 (d) A nonprofit hospital or hospital system may not attempt
17 to pursue collection of a patient's debt unless the hospital or
18 hospital system verifies and documents that the patient is not
19 eligible for the charity program described by Subsection (c).

20 (e) The executive commissioner by rule shall prescribe the
21 process a nonprofit hospital or hospital system must use to screen a
22 patient for eligibility for a charity program. The rules adopted
23 under this section must provide that a nonprofit hospital or
24 hospital system:

25 (1) may not send a billing statement to a patient
26 unless the hospital or hospital system has conducted the screening
27 required under Subsection (c);

1 (2) must apply on the initial billing statement sent
2 to a patient any charity care discount, health insurance coverage,
3 or other health benefit to which the patient is entitled; and

4 (3) must include on each billing statement provided to
5 a patient a notice stating:

6 (A) that the hospital or hospital system has a
7 charity program;

8 (B) the contact information for the office or
9 department of the hospital or hospital system that can provide
10 information about the charity program; and

11 (C) if applicable, the uniform resource locator
12 (URL) address of an Internet website maintained by the hospital or
13 hospital system where the patient can view the charity program.

14 (f) A patient may apply to receive charity care from a
15 nonprofit hospital or hospital system regardless of whether the
16 patient:

17 (1) was screened for eligibility for the hospital's or
18 hospital system's charity program and was determined to be
19 ineligible for charity care; or

20 (2) disagrees with the amount of the charity care
21 discount offered by the hospital or hospital system.

22 (g) If a nonprofit hospital or hospital system becomes aware
23 that the hospital or hospital system made an incorrect
24 determination regarding the appropriate amount of a charity care
25 discount to apply to a patient's account during the screening
26 required under Subsection (c) based on the information provided by
27 the patient at the time of the initial determination, the hospital

1 or hospital system shall:

2 (1) either:

3 (A) refund to the patient the difference between
4 the amount of the charity care discount the patient should have
5 received and the amount of the charity care discount the patient
6 actually received; or

7 (B) if the patient has not made a payment to the
8 hospital or hospital system, reduce the amount due on the patient's
9 account by an amount equal to the amount described by Paragraph (A);
10 and

11 (2) reimburse the patient for any other associated
12 reasonable costs, such as legal expenses and fees, incurred by the
13 patient in securing charity care.

14 (h) If a nonprofit hospital or hospital system sells a
15 patient's debt to a collection agency or authorizes a collection
16 agency to collect the patient's debt on behalf of the hospital or
17 hospital system and later becomes aware that the amount of the
18 patient's debt should be reduced under Subsection (g), the hospital
19 or hospital system shall notify the collection agency within a
20 reasonable period of time of the hospital's or hospital system's
21 determination and the correct amount of the debt.

22 (i) If the commission determines that a nonprofit hospital
23 or hospital system has failed to comply with a provision of this
24 section:

25 (1) on the first violation, the commission shall
26 institute a corrective action plan for the hospital or hospital
27 system and publish the plan on the commission's Internet website;

1 (2) on the second violation, the commission shall
2 provide written notice to the hospital or hospital system that, if
3 the hospital or hospital system fails to take action to correct the
4 failure to comply within the 90-day period following the date on
5 which the notice is provided, the commission may impose an
6 administrative penalty of not less than \$250,000 on the hospital or
7 hospital system; and

8 (3) on the third violation, the commission shall
9 notify the attorney general of the hospital's or hospital system's
10 repeated failure to comply with the requirements of this section,
11 after which the attorney general shall investigate the matter and,
12 if appropriate, bring an action to declare the hospital or hospital
13 system ineligible for the tax exemptions described by Section
14 [311.043\(b\)](#).

15 SECTION 3. Section [311.045](#), Health and Safety Code, as
16 amended by this Act, applies only to a fiscal year of a hospital or
17 hospital system that begins on or after the effective date of this
18 Act.

19 SECTION 4. (a) Not later than December 1, 2025, the
20 executive commissioner of the Health and Human Services Commission
21 shall adopt the rules required by Section [311.0453](#), Health and
22 Safety Code, as added by this Act.

23 (b) Section [311.0453](#), Health and Safety Code, as added by
24 this Act, applies only to a patient that is screened for the
25 purposes described by that section on or after January 1, 2026.

26 SECTION 5. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

C.S.H.B. No. 3708

1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2025.