

## **BILL ANALYSIS**

Senate Research Center  
81R10835 ALB-F

S.B. 1791  
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Intergovernmental Relations  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 1791 updates the enabling legislation for the Childress County Hospital District (district). This legislation updates the district's means of securing prepayment of bonds and the use of bond proceeds.

S.B. 1791 expands the current exemptions from the prohibition of the corporate practice of medicine to include the district.

Texas is one of only five states that continues to explicitly define or actively enforce some form of the prohibition of the corporate practice of medicine. However, Texas does allow private nonprofit medical schools, school districts, nonprofit health organizations certified by the Texas Medical Board, federally qualified health care centers, and migrant/community/homeless centers to employ physicians. Additionally, the legislature has allowed approximately 10 hospital districts to change their enabling legislation to employ physicians. The state itself is allowed to employ physicians to work in state academic medical centers, state hospitals, and prisons.

Many smaller Texas communities report that the prohibition against the hiring of physicians is a significant factor contributing to the inability to recruit and retain physicians to serve in those communities. When an individual physician is required to establish a sole practitioner office that requires health insurance and retirement benefits, the cost and administrative burden can be a deterrent to agreeing to practice in a small community.

As proposed, S.B. 1791 authorizes the district's board of directors to employ physicians or other health care providers as the board considers necessary for the efficient operation of the district. The bill also authorizes the district's board of directors, in addition to the authority to issue general obligation bonds and revenue bonds, to provide for the security and payment of district bonds. The bill also authorizes the district to use the proceeds of bonds issued in certain instances.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1012.061, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1012.061. EMPLOYEES. (a) Creates this subsection from existing text.

(b) Authorizes the board of directors (board) of the Childress County Hospital District (district) to employ physicians or other health care providers as the board considers necessary for the efficient operation of the district.

(c) Prohibits this section from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code.

SECTION 2. Amends Subchapter E, Chapter 1012, Special District Local Laws Code, as effective April 1, 2009, by adding Sections 1012.208 and 1012.209, as follows:

Sec. 1012.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1012.202 (Tax to Pay General Obligation Bonds) and revenue and other sources authorized by Section 1012.205 (Revenue Bonds).

Sec. 1012.209. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years, and for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 3. Repealer: Section 1012.158(d) (relating to disqualification of membership on the board), Special District Local Laws Code, as effective April 1, 2009.

SECTION 4. Effective date: upon passage or September 1, 2009.