

## **BILL ANALYSIS**

Senate Research Center  
82R1672 CJC-D

S.B. 303  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Hospital districts may currently adopt procedures to prevent and detect fraud in their indigent care programs. Current law also allows hospital districts to disqualify persons from these programs in cases where fraud appears to exist. The purpose of current law is to address frauds involving the misrepresentation of applicant information. Some frauds for which hospital districts disqualify persons involve the person's presentation of fraudulent applicant information involving residency, income, or resources.

Due to Texas' high rate of uninsured persons and other factors, hospital districts and public hospitals are experiencing increasing demand for taxpayer-funded indigent care services. These entities have a duty to make certain that their public funds are spent on services that are not fraudulently obtained and to seek recovery for services gained in such a manner.

S.B. 303 authorizes hospital districts and public hospitals to establish a claim against a third party who may be liable for the costs incurred by a hospital district or a public hospital. For example, an insurance company may be liable for the services rendered. In this event, the taxpayers are owed every effort by a hospital district or public hospital to protect their tax dollars.

As proposed, S.B. 303 amends current law relating to health care services provided or paid by a hospital district or public hospital.

### **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 61.066, Health and Safety Code, by adding Subsection (c), to authorize a hospital district to recover an amount equal to the value of any fraudulently obtained health care services provided to a person disqualified under this section.

SECTION 2. Amends Subchapter C, Chapter 61, Health and Safety Code, by adding Section 61.067, as follows:

Sec. 61.067. SUBROGATION. (a) Provides that the filing of an application for or receipt of health care services provided or paid for by a hospital district or public hospital constitutes an assignment of the applicant's or recipient's right of recovery from personal insurance, other sources, or another person for personal injury caused by the other person's negligence or wrong.

(b) Requires a person who applies for or receives health care services to inform the hospital district or public hospital, at the time of application or at any time during eligibility for services, of any unsettled tort claim that may affect medical needs, any private accident or health insurance coverage that is or may become available, and any injury that is caused by the act or failure to act of some other person.

(c) Requires an applicant or eligible resident to inform the hospital district or public hospital of information required by Subsection (b) within 10 days of the date the person learns of the person's insurance coverage, tort claim, or potential cause of action.

(d) Provides that a claim for damages for personal injury does not constitute grounds for denying or discontinuing services under this chapter.

(e) Provides that a separate and distinct cause of action is created in favor of the hospital district or public hospital, and authorizes the hospital district or public hospital, with the approval of the board of directors or managers, to take direct civil action in any court of competent jurisdiction. Provides that a suit brought under this section does not need to be ancillary to or dependant on any other action.

(f) Provides that the hospital district's or public hospital's right of recovery under this section is limited to the amount of the cost of services paid by the hospital district or public hospital. Provides that other subrogation rights granted under this section are limited to the cost of the services provided by the hospital district or public hospital.

(g) Provides that an applicant or eligible resident who knowingly and intentionally fails to disclose the information required by Subsection (b) is subject to denial of services under Section 61.066 (Prevention and Detection of Fraud) following an administrative hearing.

(h) Requires that procedures established by a hospital district or public hospital for administrative hearings under this section provide for appropriate due process, including procedures for appeals.

SECTION 3. Provides that this Act applies only to the filing of an application for services or receipt of services as described by Section 61.067, Health and Safety Code, as added by this Act, on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2011.