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AN ACT

relating to the certification of certain nonprofit hospitals and hospital systems for limited liability.

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

SECTION 1. Subsections (a), (c), and (d), Section 311.0456, Health and Safety Code, are amended to read as follows:

(a) In this section:

(1) "Department" [~~,"department"~~] means the ~~[Texas]~~ Department of State Health Services.

(2) "Nonprofit hospital" has the meaning assigned by Section 311.042(9)(A).

(c) To be eligible for certification under Subsection (d), a nonprofit hospital or hospital system must provide:

(1) charity care in an amount equal to at least eight percent of the net patient revenue of the hospital or hospital system during the most recent [~~preceding~~] fiscal year of the hospital or system; and

(2) at least 40 percent of the charity care provided in the county in which the hospital is located.

(d) To be certified under this subsection, a nonprofit hospital or hospital system must submit a written request for certification [~~a report based on its most recent completed and audited prior fiscal year~~] to the department not later than May 31 [~~April 30~~] of each year stating that the hospital or system is

1 eligible for certification. The department must determine  
2 eligibility for certification [~~verify the information in the~~  
3 ~~report~~] not later than December [~~May~~] 31 of the year in which the  
4 department receives the request [~~report~~] by checking [~~the~~  
5 ~~information against~~] the report submitted [~~filed~~] by the hospital  
6 or system under Section 311.033 and the statement of community  
7 benefits and charity care submitted by the nonprofit hospital or  
8 hospital system under Section 311.045. If a report under Section  
9 311.033 is not available for all hospitals in a county in which a  
10 nonprofit hospital meeting the requirement of Subsection (c)(1) is  
11 requesting certification, the department shall determine the  
12 eligibility of the hospital or hospital system using other sources  
13 of verified charity care information available at the time of  
14 certification [~~311.046~~]. The [~~After the department has verified~~  
15 ~~the information in the report, the~~] department shall certify that  
16 the hospital or hospital system has met the requirements for  
17 certification. The certification issued under this subsection to a  
18 nonprofit hospital or hospital system takes effect on December  
19 [~~May~~] 31 of that year and expires on the anniversary of that date.

20 SECTION 2. (a) Notwithstanding Subsection (b), Section  
21 311.0456, Health and Safety Code, if this Act takes effect:

22 (1) before September 1, 2005, a certification issued  
23 by the Texas Department of Health or the Department of State Health  
24 Services in 2004 continues in effect until December 31, 2005; or

25 (2) on September 1, 2005, a certification issued by  
26 the Texas Department of Health or the Department of State Health  
27 Services that takes effect May 31, 2005, continues in effect until

1 December 31, 2006.

2 (b) The change in law made by this Act to Section 311.0456,  
3 Health and Safety Code, applies only to a certification that occurs  
4 on or after the effective date of this Act. A certification that  
5 occurs before the effective date of this Act is governed by the law  
6 in effect when the certification occurred, and the former law is  
7 continued in effect for that purpose.

8 SECTION 3. This Act takes effect immediately if it receives  
9 a vote of two-thirds of all the members elected to each house, as  
10 provided by Section 39, Article III, Texas Constitution. If this  
11 Act does not receive the vote necessary for immediate effect, this  
12 Act takes effect September 1, 2005.

David Newkum  
President of the Senate

Jim Coakley  
Speaker of the House

I hereby certify that S.B. No. 1378 passed the Senate on April 14, 2005, by the following vote: Yeas 31, Nays 0. \_\_\_\_\_

Datsy Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 1378 passed the House on May 23, 2005, by the following vote: Yeas 143, Nays 0, two present not voting. \_\_\_\_\_

Robert Haney  
Chief Clerk of the House

Approved:

17 JUNE 05

Date

Rick Perry

Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
9:21 AM O'CLOCK

JUN 17 2005

Roger Williams  
Secretary of State