

SB 302

Hospital Authorities Act Revision

This legislation will rewrite much of the Hospital Authority Act, which includes the following:

- (1) Broadens the scope of the Hospital Authority Act so that, where relevant, the operative terms apply to "health care facilities" (rather than just hospitals) and defines the term "health care facility" to include "hospitals, nursing homes, rehabilitation centers, extended care facilities, pediatric facilities, ambulatory surgical centers or obstetrical facilities, and other facilities providing health care services to residents".
- (2) Revises a number of provisions relating to the composition, appointment, removal and powers of the hospital authority board members to provide increased oversight and control by the local county or municipality governing body. These changes include adding a member of the local governing body to the authority board, specifying that the authority board members are appointed by and serve at the will of the local governing body, removing the authority's power of eminent domain, and specifying (except as noted below) that proceeds from the sale of authority assets are to be held in trust by the local governing body (rather than the hospital authority) for health care or wellness programs for the indigent. The legislation contains language mandating that, in the event that an authority fails to perform its minimum functions, the local governing body must provide notice to the authority members that they will be removed from office within 90 days unless the noted defects are cured. The local governing authority must also bring a petition in the appropriate superior court seeking removal of the authority members. Failure to bring such a petition by the local governing authority is punishable by contempt proceedings.
- (3) Adds a new section providing that if a hospital authority closes or terminates the operation of all of its health care facilities (including the lease or contract for the operation of all projects) or sells all of its health care facilities and does not lease or contract for the operation of any project, the authority and the respective governing bodies shall, unless the authority is insolvent, initiate proceedings for dissolution.
- (4) Certain sections of the hospital authority act provisions have a "population act" component. This legislation deletes those provisions.
- (5) Revises the provisions dealing with sale or lease of health care facilities to require an independent appraisal of the assets.
- (6) Revises the provision allowing an authority to borrow money so that, if a loan would cause the authority's debt to exceed 50% of the value of collateral eligible assets, a referendum would be required.

(7) Revises the dissolution provisions to require an appraisal of the assets and an audit of the account, and provides that the assets distributed pursuant to the dissolution process may be used for indigent care or wellness programs or for such other purposes as the governing bodies are authorized to use public funds (including transferring such assets to a Senior Citizens Services Authority- see below). The prohibition on conveyance of authority property upon dissolution to any private person, association or corporation has been deleted.

(8) Clarifies and strengthens the audit and annual registration requirements and provides that the Department may withhold state grants or funds if an authority fails to comply with such requirements.

(9) Creates a new Article 5A, the Senior Citizens Services Authorities Act, which authorizes the creation of a new authority in each county and municipality for senior citizen services.

(10) Revises the Code so that a hospital authority may file for bankruptcy.