

House Bill 186

By: Representatives Stephens of the 164th, Gilliard of the 162nd, Petrea of the 166th, Hitchens of the 161st, Stephens of the 165th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated,
2 relating to county and municipal hospital authorities, so as to revise provisions relating to the
3 sale or lease of a hospital by a hospital authority; to provide for conflicting interest
4 transactions; to provide for the investment of funds by certain hospital authorities; to provide
5 for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to
9 county and municipal hospital authorities, is amended by revising Code Section 31-7-75.1,
10 relating to proceeds of sale of hospital held in trust to fund indigent hospital care, as follows:
11 "31-7-75.1.

12 (a) The proceeds from any sale or lease of a hospital owned by a hospital authority or
13 political subdivision of this state, which proceeds shall not include funds required to pay
14 off the bonded indebtedness of the sold hospital or any expense of the authority or political
15 subdivision attributable to the sale or lease, shall be held by the authority or political
16 subdivision in an irrevocable trust fund. Such proceeds in that fund may be invested in the
17 same way that public moneys may be invested generally pursuant to general law and as
18 permitted under Code Section 31-7-74.4, but money in that trust fund shall be used
19 exclusively for funding the provision of ~~hospital~~ health care for the indigent residents of
20 the political subdivision which owned the hospital or by which the authority was activated
21 or for which the authority was created. If the funds available for a political subdivision in
22 that irrevocable trust fund are less than \$100,000.00, the principal amount may be used to
23 fund the provision of indigent ~~hospital~~ health care; otherwise, only the income from that
24 fund may be used for that care. Such funding or reimbursement for indigent care shall not
25 exceed the diagnosis related group rate for that hospital in each individual case.

26 (b) In the event a hospital authority which sold or leased a hospital was activated by or
 27 created for more than one political subdivision or in the event a hospital having as owner
 28 more than one political subdivision is sold or leased by those political subdivisions, each
 29 such constituent political subdivision's portion of the irrevocable trust fund for indigent
 30 hospital health care shall be determined by multiplying the amount of that fund by a figure
 31 having a numerator which is the population of that political subdivision and a denominator
 32 which is the combined population of all the political subdivisions which owned the hospital
 33 or by which or for which the authority was activated or created.

34 (c) For purposes of hospital health care for the indigent under this Code section, the
 35 standard of indigency shall be that determined under Code Section 31-8-43, relating to
 36 standards of indigency for emergency care of pregnant women, based upon 125 percent of
 37 the federal poverty level.

38 (d) This Code section shall not apply to the following actions:

39 (1) A reorganization or restructuring;

40 (2) Any sale of a hospital, or the proceeds from that sale, made prior to April 2, 1986;
 41 and

42 (3) Any sale or lease of a hospital when the purchaser or lessee pledges, by written
 43 contract entered into concurrently with such purchase or lease, to provide an amount of
 44 hospital health care equal to that which would have otherwise been available pursuant to
 45 subsections (a), (b), and (c) of this Code section for the indigent residents of the political
 46 subdivisions which owned the hospital, by which the hospital authority was activated, or
 47 for which the authority was created. However, the exception to this Code section
 48 provided by this paragraph shall only apply to:

49 (A) Hospital authorities that operate a licensed hospital pursuant to a lease from the
 50 county which created the appropriate authority; ~~and~~

51 (B) Hospitals that have a bed capacity of more than 150 beds; ~~and~~

52 (C) Hospitals located in a county in which no other medical-surgical licensed hospital
 53 is located; ~~and~~

54 (D) Hospitals located in a county having a population of less than 45,000 according to
 55 the United States decennial census of 1990; and

56 (E) Hospitals operated by a hospital authority that entered into a lease-purchase
 57 agreement between such hospital and a private corporation prior to July 1, 1997."

58 **SECTION 2.**

59 Said article is further amended by adding a new Code section to read as follows:

60 "31-7-74.4.
 61 Members on the board of a hospital authority at the time of a sale or lease of a hospital
 62 owned by such hospital authority shall be deemed directors and subject to the provisions
 63 of Part 6 of Article 8 of Chapter 3 of Title 14, relating to conflicting interest transactions
 64 with respect to the proceeds of such sale or lease."

65 **SECTION 3.**

66 Said article is further amended by revising Code Section 31-7-83, relating to investment of
 67 surplus moneys and moneys received through issuance of revenue certificates, as follows:

68 "31-7-83.

69 (a) Pending use for the purpose for which received, each hospital authority created by and
 70 under this article is authorized and empowered to invest all moneys or any part thereof
 71 received through the issuance and sale of revenue certificates of the authority in any
 72 securities which are legal investments or which are provided for in the trust indenture
 73 securing such certificates or other legal investments; provided, however, that such
 74 investments ~~will~~ shall be used at all times while held, or upon sale, for the purposes for
 75 which the money was originally received and no other. Contributions or gifts received by
 76 any authority shall be invested as provided by the terms of the contribution or gift or in the
 77 absence thereof as determined by the authority.

78 (b) In addition to the authorized investments in subsection (a) of this Code section and in
 79 Code Section 36-83-4, hospital authorities that have ceased to own or operate medical
 80 facilities for a minimum of seven years, have paid off all bonded indebtedness and
 81 outstanding short-term or long-term debt obligations, and hold more than \$20 million in
 82 funds for charitable health care purposes may invest a maximum of 30 percent of their
 83 funds in the following:

84 (1) Shares of mutual funds registered with the Securities and Exchange Commission of
 85 the United States under the Investment Company Act of 1940, as amended; and

86 (2) Commingled funds and collective investment funds maintained by state chartered
 87 banks or trust companies or regulated by the Office of the Comptroller of the Currency
 88 of the United States Department of the Treasury, including common and group trusts,
 89 and, to the extent the funds are invested in such collective investment funds, the funds
 90 shall adopt the terms of the instruments establishing any group trust in accordance with
 91 applicable United States Internal Revenue Service Revenue Rulings."

92 **SECTION 4.**

93 All laws and parts of laws in conflict with this Act are repealed.