

2012 -- S 2180

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LC00664
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO HEALTH AND SAFETY - HOSPITAL CONVERSIONS ACT

Introduced By: Senators Picard, Ruggerio, and Cote

Date Introduced: January 24, 2012

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 23-17.14-19 of the General Laws in Chapter 23-17.14 entitled "The
2 Hospital Conversions Act" is hereby amended to read as follows:

3 ~~23-17.14-19. **Limits to acquisitions -- Community benefits requirements -- Filings**~~
4 ~~**prohibited. Approval of Conversion of for-profit hospital.** (a) In effectuating the purposes of~~
5 ~~this chapter to evaluate, review and monitor the new phenomenon of for-profit corporations~~
6 ~~gaining an interest in hospitals and the resulting impact on the delivery of healthcare in the state,~~
7 ~~limitations on for-profit corporations involved in hospital conversions are necessary.~~

8 ~~(b) No for-profit corporation, or its subsidiaries or affiliates, which applies for and~~
9 ~~receives approval of a conversion of a hospital in accordance with the provisions of this chapter~~
10 ~~shall be permitted to apply for approval of a conversion of a second hospital in this state for a~~
11 ~~period of at least three (3) years after the initial conversion is finalized and implemented. This~~
12 ~~subsection shall not be deemed to prohibit a for-profit corporation, together with its subsidiaries~~
13 ~~and affiliates, from applying for or receiving approval of a conversion of two (2) affiliated~~
14 ~~hospitals in this state provided that: (1) one of the two (2) hospital licenses involved in the~~
15 ~~conversion was issued prior to July 22, 1997; and (2) this license involves a specialty~~
16 ~~rehabilitation hospital that has a maximum of ninety (90) beds. A conversion undertaken pursuant~~
17 ~~to this provision shall be considered one conversion and a for-profit corporation which receives~~
18 ~~approval for the conversion shall be subject to the three (3) year period between the finalization~~
19 ~~and implementation of a first conversion and the application for a second conversion as set forth~~

1 ~~in this subsection.~~

2 ~~(c) In the event that a for-profit corporation applies to hold, own, or acquire an~~
3 ~~ownership or controlling interest greater than twenty percent (20%) in more than one hospital one~~
4 ~~year subsequent to the finalization and implementation of a prior license, all provisions of this~~
5 ~~chapter must be met and, in addition to the review process and criteria set forth in this chapter, the~~
6 ~~department shall have the sole authority and discretion to determine:~~

7 ~~(1) Whether the for-profit corporation provided community benefits as required or~~
8 ~~promised in connection with obtaining and holding a license or interest therein during the~~
9 ~~previous license period;~~

10 ~~(2) Whether all terms and conditions of the prior license have been met;~~

11 ~~(3) Whether all federal, state and local laws, ordinances and regulations have been~~
12 ~~complied with relative to any prior license;~~

13 ~~(4) Whether the for-profit corporation planned, implemented, monitored and reviewed a~~
14 ~~community benefit program during the prior license period;~~

15 ~~(5) Whether the for-profit corporation maintained, enhanced or disrupted the essential~~
16 ~~medical services in the affected community or the state;~~

17 ~~(6) Whether the for-profit corporation provided an appropriate amount of charity care~~
18 ~~necessary to maintain or enhance a safe and accessible healthcare delivery system in the affected~~
19 ~~community and the state; and~~

20 ~~(7) Whether the for-profit corporation demonstrated a substantial linkage between the~~
21 ~~hospital and the affected community by providing one or more of the following benefits;~~
22 ~~uncompensated care, charity care, cash or in-kind donations to community programs, education~~
23 ~~and training of professionals in community health issues, relevant research initiatives or essential~~
24 ~~but unprofitable medical services if needed in the affected community.~~

25 ~~(d) The director may hold a public hearing to solicit input to assess the performance of a~~
26 ~~for-profit corporation or its affiliates or subsidiaries in providing community benefits in the~~
27 ~~affected community or the state.~~

28 ~~(e) The director shall have the sole authority to deny a for-profit corporation, its affiliates~~
29 ~~or subsidiaries, or successors, permission for one or more than one license and, for good cause,~~
30 ~~may prohibit a for-profit corporation or its affiliates or subsidiaries from filing an application~~
31 ~~pursuant to this chapter for a period not to exceed ten (10) years.~~

32 Notwithstanding any other provision in this chapter, nothing herein shall be construed to
33 prohibit a for-profit hospital, its subsidiaries or affiliates, from applying for, and receiving
34 approval of a conversion of more than one hospital in the same year, or any subsequent year, and

1 [each such application shall require review and approval from the department of attorney general,](#)
2 [and from the department of health in accordance with the provisions of this chapter.](#)

3 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO HEALTH AND SAFETY - HOSPITAL CONVERSIONS ACT

1 This act would eliminate certain requirements imposed on for-profit corporations seeking
2 to gain an interest in hospitals and would permit a for-profit hospital, its subsidiaries or affiliates,
3 to apply for and receive approval of a conversion of more than one hospital in the same or any
4 subsequent year, subject to approval from the attorney general and the department of health.

5 This act would take effect upon passage.

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