

The House Special Committee on Grady offers the following substitute to HB 1299:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 31 of the Official Code of Georgia Annotated, relating to health, so as to
2 require that certain hospital authorities contract with nonprofit corporations for the operation
3 and management of its hospitals; to provide for definitions; to provide that a hospital
4 authority that is not in compliance shall not receive trauma funding; to provide for
5 enforcement; to provide that failure to contract with a nonprofit organization shall be
6 considered a minimum function of a hospital authority for purposes of removal of members;
7 to provide that the Georgia Trauma Care Network Commission shall withhold trauma funds
8 from a hospital authority which does not contract with a nonprofit organization; to provide
9 for related matters; to provide for an effective date; to repeal conflicting laws; and for other
10 purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 style="text-align:center">**SECTION 1.**

13 Title 31 of the Official Code of Georgia Annotated, relating to health, is amended in Article
14 4 of Chapter 7, relating to county and municipal hospital authorities, by adding a new Code
15 section to read as follows:

16 "31-7-74.4.

17 (a) As used in this Code section, the term:

18 (1) 'Nonprofit corporation' means any nonprofit corporation qualified as exempt or which
19 has submitted an application for exemption from federal income taxation under Section
20 501(c) of the Internal Revenue Code.

21 (2) 'Nonprofit hospital management corporation' means a nonprofit corporation created
22 to manage a public hospital under contract with a hospital authority pursuant to Code
23 Section 31-7-74.3 or other applicable laws.

24 (b) A hospital authority created by two or more counties shall provide, by contract, for the
25 management and operation by a nonprofit hospital management corporation of any hospital
26 which it owns.

1 (c) A hospital authority subject to the requirements of subsection (b) of this Code section
 2 which is not in compliance with such subsection shall not be eligible to receive any funds
 3 from the Georgia Trauma Trust Fund created pursuant to Code Section 31-11-103 until
 4 such time as the hospital authority comes into compliance and may be subject to forfeiture
 5 of such funds in accordance with paragraph (4.1) of Code Section 31-11-102;

6 (d) A hospital authority subject to the requirements of subsection (b) of this Code section
 7 which is not in compliance with such subsection shall be subject to the following:

8 (1) A mandamus action by the Attorney General or by any resident of any participating
 9 county of such hospital authority pursuant to Article 2 of Chapter 6 of Title 9 to compel
 10 the hospital authority to comply with this Code section;

11 (2) A petition by any resident of any participating county of such hospital authority or
 12 the governing authority of such participating county of such hospital authority may be
 13 submitted to the superior court of the county wherein the hospital authority operates a
 14 hospital to require the hospital authority to comply with subsection (b) of this Code
 15 section. The judge of such court shall set a time for the hearing on such petition and after
 16 notice to the hospital authority shall hear and determine the petition. If it is determined
 17 that the hospital authority has failed to comply with the requirements of subsection (b)
 18 of this Code section, the judge shall pass such orders as are necessary to effectuate
 19 compliance with such requirements. In the event the hospital authority fails to comply
 20 with subsection (b) of this Code section as required by court order, the members of the
 21 authority shall be subject to contempt proceedings by the court as provided by law; and
 22 (3) Potential removal from office of members of the hospital authority pursuant to Code
 23 Section 31-7-76 for failure to perform minimum functions required for the operation and
 24 maintenance of a public hospital.

25 (e) No state funds shall be provided to or for a hospital authority that is subject to the
 26 requirements of subsection (b) of this Code section which is not in compliance with such
 27 subsection. This subsection shall not apply to any Medicaid reimbursement funds or any
 28 funds provided by the state for medical education pursuant to Code Section 31-7-95."

29 **SECTION 2.**

30 Said title is further amended in Code Section 31-7-76, relating to procedures in the event of
 31 the failure of a hospital authority to perform minimum functions, by revising subsection (d)
 32 as follows:

33 "(d) At each hearing held as provided in subsection (c) of this Code section, the judge,
 34 sitting without a jury, shall inquire into and determine the question of whether the authority
 35 has ceased to perform the minimum functions required for the continued operation and
 36 maintenance of needed health care facilities in the county or municipality. In making his

1 the determination the judge shall consider, but shall not be limited by, whether the
2 authority has:

3 (1) Failed to establish and enforce rates and charges as provided in Code Section
4 31-7-77;

5 (2) Failed to take any reasonable action when the failure has the effect of jeopardizing
6 repayment of principal or interest, when due, on revenue anticipation certificates issued
7 by the authority;

8 (3) Failed to take any reasonable action when the failure has the effect of breaching a
9 contract providing for continued maintenance and use of the authority's facilities and
10 entered into with a county or municipality as provided in Code Section 31-7-85;

11 (4) Failed to make plans for unmet needs of the community as authorized by paragraph
12 (22) of Code Section 31-7-75;

13 (5) Failed to make and file its annual report as provided in Code Section 31-7-90;

14 (6) Failed to adopt an annual budget as provided in Code Section 31-7-90;

15 (7) Failed to conduct the annual audit as provided in Code Section 31-7-91;

16 (8) Failed to report or publish the annual audit as provided in Code Section 31-7-92;

17 (9) Failed to hold at least one meeting in the preceding calendar quarter; ~~or~~

18 (10) Failed to provide, by contract, for the management and operation by a nonprofit
19 corporation of its hospitals in accordance with Code Section 31-7-74.4, if applicable; or

20 ~~(10)~~(11) Failed to take any other action required pursuant to this article."

21 **SECTION 3.**

22 Said title is further amended in Code Section 31-11-102, relating to duties and
23 responsibilities of the Georgia Trauma Care Network Commission, by adding a new
24 paragraph to read as follows:

25 "(4.1) To withhold distribution of all funds to a trauma center operated by a hospital
26 authority which is not in compliance with Code Section 31-7-74.4 until such time as the
27 hospital authority comes into compliance with such Code section. In the event a hospital
28 authority does not come into compliance with such Code section prior to the end of a
29 fiscal year, the commission shall be authorized to redirect the funds allotted to such
30 hospital authority to other recipients pursuant to this Code section, and the noncompliant
31 hospital authority shall forfeit any further rights to such funds;"

32 **SECTION 4.**

33 This Act shall become effective upon its approval by the Governor or upon its becoming law
34 without such approval.

- 1 **SECTION 5.**
- 2 All laws and parts of laws in conflict with this Act are repealed.