

House Bill 1436

By: Representatives Knight of the 126<sup>th</sup>, Cole of the 125<sup>th</sup>, and Ramsey of the 72<sup>nd</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to the  
2 regulation and construction of hospitals and other health care facilities, so as to require  
3 compensated officers, directors, trustees, and board members of nonprofit hospitals to  
4 annually disclose specific financial information; to provide for definitions; to provide for a  
5 criminal penalty; to require an annual community benefit from certain hospitals; to require  
6 certain hospitals to periodically publish community benefit plans; to require certain hospitals  
7 to annually submit certain related documents; to provide for related matters; to repeal  
8 conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 **SECTION 1.**

11 Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to the regulation  
12 and construction of hospitals and other health care facilities, is amended by adding new Code  
13 sections to Article 1, relating to the regulation of hospitals and related institutions, to read  
14 as follows:

15 "31-7-19.

16 (a) As used in this Code section, the term 'nonprofit corporation' means a corporation  
formed, created, or operated pursuant to Chapter 3 of Title 14, the 'Georgia Nonprofit  
Corporation Code,' which is licensed or established as a hospital under this chapter.

17 (b) Each compensated officer, director, trustee, or board member of a nonprofit  
corporation shall annually prepare and file an ethics report in accordance with the  
requirements of this Code section not later than 90 days after the close of the fiscal or  
calendar year for the preceding year. Such report shall be filed with the department, in a  
format designated by the department, and shall include the following information:

18 (1) Compensation of such officer, director, trustee, or board member by the nonprofit  
corporation, including compensation from any for profit or nonprofit organization that

26     is related to the nonprofit corporation for which such individual is an officer, director,  
27     trustee, or board member;

28     (2) Gratuities to such officer, director, trustee, or board member by the nonprofit  
29     corporation of more than a nominal value, including any gratuities from any for profit or  
30     nonprofit organization that is related to the nonprofit corporation for which such  
31     individual is an officer, director, trustee, or board member; and

32     (3) Travel expenses of such officer, director, trustee, or board member by the nonprofit  
33     corporation, including compensation from any for profit or nonprofit organization that  
34     is related to the nonprofit corporation for which such individual is an officer, director,  
35     trustee, or board member.

36     (c) Any person convicted of a violation of this Code section shall be guilty of a  
37     misdemeanor.

38     31-7-20.

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

40         (1) 'Community benefit' means services that are offered to the broad community served  
41         by the hospital which are designed to improve community health and which respond to  
42         an identified community need and for which the hospital is uncompensated or  
43         undercompensated relative to the costs of providing the service. In no case shall a  
44         hospital consider acts unrelated to the provision of health care and treatment as a  
45         community benefit. When claimed by a hospital, a community benefit shall be limited to  
46         the following:

47             (A) The provision of indigent and charity care, as defined by the department, which are  
48             expressed in amounts and as a percentage of adjusted gross revenue;

49             (B) Public health activities and supports to address community needs based on the  
50             hospital's community needs assessment, including medical and community education,  
51             prevention, and wellness programs, programs for at-risk populations, and support of  
52             nonprofit community clinics that operate to increase access to underserved populations,  
53             including donations to such clinics; health care workforce development; and  
54             noncommercial research; and

55             (C) Subsidized health services, including those health care related services for which  
56             the hospital is uncompensated or undercompensated relative to the costs of providing  
57             the service, which may include operation of emergency services, trauma care, and other  
58             medical services for which subsidies are necessary to maintain the service.

59         (2) 'Hospital' means a nonprofit hospital, a hospital system, or a nonprofit corporation  
60         formed, created, or operated by or on behalf of a hospital authority.

(3) 'Hospital system' means a group of fiscally related nonprofit hospitals and other health care facilities and organizations within a defined geographical area.

(4) 'Nonprofit organization' means a corporation formed, created, or operated pursuant to Chapter 3 of Title 14, the 'Georgia Nonprofit Corporation Code,' which is licensed or established as a hospital under this chapter.

(b) Pursuant to their nonprofit status, hospitals shall provide a level of community benefit that corresponds to the value of their state and local tax-exempt status. Hospitals shall meet their community benefit requirement on an annual basis.

(c) Health systems may aggregate charity and indigent care provided by the hospitals and other health care facilities and organizations within the health system to meet the indigent and charity care commitment.

(d) Community benefit shall be quantified based on cost and not charge of services.

(e) Every three years each hospital shall prepare and make available to the public a community benefit plan. A community benefit plan shall include a community health needs assessment, which shall include a quantitative analysis of community health related needs and a plan of action to address those needs through the hospital's community benefit program.

31-7-21.

(a) Each hospital, as defined in Code Section 31-7-20, shall annually provide disclosure of community benefits by filing the following documents with the department for the preceding year not later than 90 days after the close of the calendar year:

(1) A copy of Internal Revenue Service Form 990, including Schedule H for hospitals and other applicable attachments; and

(2) The department's annual hospital questionnaire, disclosing the cost of indigent and charity care provided during the preceding year in a format designated by the department.

(b) Failure to timely submit the documents required by subsection (a) of this Code section shall subject the hospital to a penalty of \$500.00 per day, not to exceed \$25,000.00 total, the proceeds of which shall be deposited in the Indigent Care Trust Fund established pursuant to Code Section 31-8-152.

(c) The department shall have jurisdiction to enforce this Code section and to promulgate rules and regulations required to administer this Code section."

## SECTION 2.

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