

Senate Bill 180

By: Senators Burke of the 11th, Black of the 8th, Brass of the 28th, Anderson of the 24th and Wilkinson of the 50th

AS PASSED SENATE

**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 change certain criteria relating
3 to grants to such hospital authorities; to provide for related matters; to provide for an
4 effective date; to repeal conflicting laws; and for other purposes.

5 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

6 **SECTION 1.**

7 Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to
8 county and municipal hospital authorities, is amended by revising Code Section 31-7-94,
9 relating to grants to hospital authorities, as follows:

10 "31-7-94.

11 The state is authorized to make grants, as funds are available, to hospital authorities and
12 rural hospital organizations for public health purposes, provided that any funds so granted
13 shall be distributed to and among the various public hospital authorities and rural hospital
14 organizations in the state in proportion to the number of hospital beds operated by each
15 such hospital authority or rural hospital organization at the end of the calendar year
16 preceding the grant. Funds shall be distributed to public hospitals and rural hospital
17 organizations operated by consolidated governments in the same manner as to authority
18 hospitals prescribed in this Code section and rural hospital organizations. Grants made by
19 the state pursuant to this Code section shall be administered by the Department of
20 Community Health in accordance with Code Section 31-7-94.1 and such rules, regulations,
21 and procedures as it shall deem necessary for effective administration of such grants."

22 **SECTION 2.**

23 Said article is further amended by revising Code Section 31-7-94.1, relating to the
24 certification of rural hospitals for grant eligibility, as follows:

25 "31-7-94.1.

26 (a) This Code section shall be known and may be cited as the 'Rural Hospital Organization
 27 Assistance Act of 2017.'

28 (b) The General Assembly finds that hospital authorities and rural hospital organizations
 29 are created under Code Section 31-7-72 in and for each county and municipal corporation
 30 of the state essential in order to promote public health goals of the state. The General
 31 Assembly further finds that many hospitals in rural counties, ~~whether or not they are owned~~
 32 ~~or operated by hospital authorities~~, are in desperate financial straits. In order to preserve
 33 the availability of primary health care services provided by such hospitals to residents of
 34 rural counties, the General Assembly has determined that a program of state grants is
 35 necessary and recommends funds be made available to such hospitals. These grants will
 36 be conditioned upon those hospitals continuing to furnish essential health care services to
 37 residents in their areas of operation as well as engaging in the long-range planning and any
 38 restructuring which may be required for those hospitals to survive by devising
 39 cost-effective and efficient health care systems for meeting local health care needs.

40 (c) As used in this Code section, the term:

41 ~~(1) 'Department of Community Health' means the Department of Community Health~~
 42 ~~created under Chapter 2 of this title.~~

43 ~~(2)~~(1) 'Hospital' means an institution which has a permit as a hospital issued under this
 44 chapter.

45 ~~(3)~~(2) 'Rural county' means a county having a population of less than ~~35,000~~ 45,000
 46 according to the United States decennial census of ~~1990~~ 2010 or any future such census;
 47 provided, however, that for counties which contain a military base or installation, the
 48 military personnel and their dependents living in such county shall be excluded from the
 49 total population of such county for purposes of this definition.

50 ~~(4) 'Rural hospital' means a hospital which has been certified by the Department of~~
 51 ~~Community Health as:~~

52 ~~(A) Being located in a rural county;~~

53 ~~(B) Participating in both Medicaid and medicare and accepting both Medicaid and~~
 54 ~~medicare patients;~~

55 ~~(C) Providing health care services to indigent patients; and~~

56 ~~(D) Maintaining a 24 hour emergency room.~~

57 (3) 'Rural hospital organization' means an acute care hospital licensed by the department
 58 pursuant to Article 1 of Chapter 7 of this title that:

59 (A) Provides inpatient hospital services at a facility located in a rural county or is a
 60 critical access hospital;

61 (B) Participates in both Medicaid and medicare and accepts both Medicaid and
 62 medicare patients;

- 63 (C) Provides health care services to indigent patients;
 64 (D) Has at least 10 percent of its annual net revenue categorized as indigent care,
 65 charity care, or bad debt;
 66 (E) Annually files IRS Form 990, Return of Organization Exempt From Income Tax,
 67 with the department, or for any hospital not required to file IRS Form 990, the
 68 department will provide a form that collects the same information to be submitted to the
 69 department on an annual basis;
 70 (F) Maintains a 24 hour emergency room;
 71 (G) Is operated by a county or municipal authority pursuant to Article 4 of Chapter 7
 72 of this title or is designated as a tax-exempt organization under Section 501(c)(3) of the
 73 Internal Revenue Code; and
 74 (H) Is current with all audits and reports required by law.
- 75 (d) A rural hospital organization may apply for a grant available under subsection (e) of
 76 this Code section if it has been certified by the ~~Department of Community Health~~
 77 department as:
- 78 (1) A rural hospital organization; and
 79 (2) ~~Having~~ Has submitted a grant application which includes:
- 80 (A) A problem statement indicating the problem the rural hospital organization
 81 proposes to solve with the grant funds;
 82 (B) The goals of the proposed solution;
 83 (C) The organizational structure, financial system, and facilities that are essential to the
 84 proposed solution;
 85 (D) The projected longevity of the proposed solution after the grant funds are
 86 expended;
 87 (E) Evidence of collaboration with other community health care providers in achieving
 88 the proposed solution;
 89 (F) Evidence that funds for the proposed solution are not available from another
 90 source;
 91 (G) Evidence that the grant funds would assist in returning the rural hospital
 92 organization to an economically stable condition or that any plan for closure or
 93 realignment of services involves development of innovative alternatives for the
 94 discontinued services;
 95 (H) Evidence of a satisfactory record-keeping system to account for grant fund
 96 expenditures within the rural hospital organization and the rural county;
 97 (I) A community health survival plan describing how the plan was developed, the goals
 98 of the plan, the links with existing health care providers under the plan, the

99 implementation process including quantification of indicators of the hospital's financial
 100 well-being, measurable outcome targets, and the current condition of such hospital; and
 101 (J) Such additional evidence as the ~~Department of Community Health~~ department may
 102 require to demonstrate the feasibility of the proposed solution for which grant funds are
 103 sought.

104 ~~(e) Notwithstanding the provisions of Code Section 31-7-94, the Department of~~
 105 ~~Community Health~~ The department is authorized to make grants to rural ~~hospitals~~ hospital
 106 organizations certified as meeting the requirements of subsection (d) of this Code section.
 107 Grants to rural hospitals owned or operated by hospital authorities or rural hospital
 108 organizations may be for any of the following purposes:

109 (1) Infrastructure development, including, without being limited to, health information
 110 technology, facility renovation, or equipment acquisition; provided, however, that the
 111 amount granted to any qualified hospital may not exceed the expenditure thresholds that
 112 would constitute a new institutional health service requiring a certificate of need under
 113 Chapter 6 of this title and the grant award may be conditioned upon obtaining local
 114 matching funds;

115 (2) Strategic planning, including, without being limited to, strategies for personnel
 116 retention or recruitment, development of an emergency medical network, or the
 117 development of a collaborative and integrated health care delivery system with other
 118 health care providers, and the grant award may be conditioned upon obtaining local
 119 matching funds for items such as telemedicine, billing systems, and medical records. For
 120 the purposes of this paragraph, the maximum grant to any grantee shall be ~~\$200,000.00~~
 121 \$500,000.00;

122 (3) Nontraditional health care delivery systems, excluding operational funds and
 123 purposes for which grants may be made under paragraph (1) or (2) of this subsection. For
 124 the purposes of this paragraph, the maximum grant to any grantee shall be ~~\$1.5~~
 125 \$2.5 million; or

126 (4) The provision of 24 hour emergency room services open to the general public.
 127 ~~Any grants to certified rural hospitals which are not owned or operated by hospital~~
 128 ~~authorities shall be limited to the purpose described in paragraph (4) of this subsection.~~

129 (f) In awarding grants under this Code section, the ~~Department of Community Health~~
 130 department may give priority to any otherwise eligible rural hospital organization which
 131 meets the definition of a 'necessary provider' as specified in the state's 'Rural Healthcare
 132 Plan' of May, 1998.

133 (g) The maximum grant to any hospital authority or rural hospital organization shall be
 134 \$4 million per calendar year.

135 ~~(g)~~(h) The ~~Department of Community Health~~ department shall be authorized to certify
136 rural ~~hospitals~~ hospital organizations as provided in subsection (d) of this Code section and
137 shall adopt regulations to implement its powers and duties under this Code section."

138 **SECTION 3.**

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

141 **SECTION 4.**

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