

The House Committee on Ways and Means offers the following substitute to SB 14:

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 repealing Code Section 31-7-94.1, relating to the
24 certification of rural hospitals for grant eligibility, and adding a new Code section to read as
25 follows:

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26 "31-7-94.1.

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

29 (b) The General Assembly finds that hospital authorities and rural hospital organizations
 30 are essential in order to promote public health goals of the state. The General Assembly
 31 further finds that many rural hospital organizations are in desperate financial straits. In
 32 order to preserve the availability of primary health care services provided by such hospitals
 33 to residents of rural counties, the General Assembly has determined that a program of state
 34 grants is necessary and recommends funds be made available to such hospitals. These
 35 grants will be conditioned upon those hospitals continuing to furnish essential health care
 36 services to residents in their areas of operation as well as engaging in the long-range
 37 planning and any restructuring which may be required for those hospitals to survive by
 38 devising cost-effective and efficient health care systems for meeting local health care
 39 needs.

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

41 (1) 'Hospital' means an institution which has a permit as a hospital issued under this
 42 chapter.

43 (2) 'Rural county' means a county having a population of less than 50,000 according to
 44 the United States decennial census of 2010 or any future such census; provided, however,
 45 that for counties which contain a military base or installation, the military personnel and
 46 their dependents living in such county shall be excluded from the total population of such
 47 county for purposes of this definition.

48 (3) 'Rural hospital organization' means an acute care hospital licensed by the department
 49 pursuant to Article 1 of this chapter that:

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

52 (B) Participates in both Medicaid and medicare and accepts both Medicaid and
 53 medicare patients;

54 (C) Provides health care services to indigent patients;

55 (D) Has at least 10 percent of its annual net revenue categorized as indigent care,
 56 charity care, or bad debt;

57 (E) Annually files IRS Form 990, Return of Organization Exempt From Income Tax,
 58 with the department, or for any hospital not required to file IRS Form 990, the
 59 department will provide a form that collects the same information to be submitted to the
 60 department on an annual basis;

61 (F) Is operated by a county or municipal authority pursuant to this article; and

62 (G) Is current with all audits and reports required by law.

63 (d) A rural hospital organization may apply for a grant available under subsection (e) of
64 this Code section if it has been certified by the department as:

65 (1) A rural hospital organization; and

66 (2) Has submitted a grant application which includes:

67 (A) A problem statement indicating the problem the rural hospital organization
68 proposes to solve with the grant funds;

69 (B) The goals of the proposed solution;

70 (C) The organizational structure, financial system, and facilities that are essential to the
71 proposed solution;

72 (D) The projected longevity of the proposed solution after the grant funds are
73 expended;

74 (E) Evidence of collaboration with other community health care providers in achieving
75 the proposed solution;

76 (F) Evidence that funds for the proposed solution are not available from another
77 source;

78 (G) Evidence that the grant funds would assist in returning the rural hospital
79 organization to an economically stable condition or that any plan for closure or
80 realignment of services involves development of innovative alternatives for the
81 discontinued services;

82 (H) Evidence of a satisfactory record-keeping system to account for grant fund
83 expenditures within the rural hospital organization and the rural county;

84 (I) A community health survival plan describing how the plan was developed, the goals
85 of the plan, the links with existing health care providers under the plan, the
86 implementation process including quantification of indicators of the hospital's financial
87 well-being, measurable outcome targets, and the current condition of such hospital; and

88 (J) Such additional evidence as the department may require to demonstrate the
89 feasibility of the proposed solution for which grant funds are sought.

90 (e) The department is authorized to make grants to rural hospital organizations certified
91 as meeting the requirements of subsection (d) of this Code section. Grants to rural
92 hospitals owned or operated by hospital authorities or rural hospital organizations may be
93 for any of the following purposes:

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

100 (2) Strategic planning, including, without being limited to, strategies for personnel
 101 retention or recruitment, development of an emergency medical network, or the
 102 development of a collaborative and integrated health care delivery system with other
 103 health care providers, and the grant award may be conditioned upon obtaining local
 104 matching funds for items such as telemedicine, billing systems, and medical records. For
 105 the purposes of this paragraph, the maximum grant to any grantee shall be \$500,000.00;
 106 (3) Nontraditional health care delivery systems, excluding operational funds and
 107 purposes for which grants may be made under paragraph (1) or (2) of this subsection. For
 108 the purposes of this paragraph, the maximum grant to any grantee shall be \$2.5 million;
 109 or
 110 (4) The provision of 24 hour emergency room services open to the general public.
 111 (f) In awarding grants under this Code section, the department may give priority to any
 112 otherwise eligible rural hospital organization which meets the definition of a necessary
 113 provider as specified in the state's 'Rural Healthcare Plan' of May, 1998.
 114 (g) The maximum grant to any hospital authority or rural hospital organization shall be
 115 \$4 million per calendar year.
 116 (h) The department shall be authorized to certify rural hospital organizations as provided
 117 in subsection (d) of this Code section and shall adopt regulations to implement its powers
 118 and duties under this Code section."

119 **SECTION 3.**

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

122 **SECTION 4.**

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