

The Senate Committee on Finance offered the following substitute to SB 31:

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 8 of Title 31 of the Official Code of Georgia Annotated, relating to the
2 care and protection of indigent and elderly patients, so as to provide for the establishment of
3 a pilot program to conduct a simulated exchange for hospitals to purchase and sell charity
4 care credits to meet their charity care requirements; to provide for definitions; to provide for
5 the design of the simulated exchange; to provide for a report; to provide for penalties for
6 nonparticipation; to provide for automatic repeal; to provide for related matters; to repeal
7 conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Chapter 8 of Title 31 of the Official Code of Georgia Annotated, relating to the care and
11 protection of indigent and elderly patients, is amended by adding a new article to read as
12 follows:

"ARTICLE 11

31-8-320.

As used in this article, the term:

(1) 'Charity care credit' means a value computed for uncompensated indigent or charity care based on 150 percent of Medicaid allowable costs.

(2) 'Charity care floor' means the annual amount of uncompensated indigent or charity care required for a hospital based on its pro rata amount of total state charitable care, or for hospitals that are a part of a health system, the total annual amount of uncompensated indigent or charity care required for all hospitals within the health system based on a pro rata amount of total state charitable care.

(3) 'Charity care income threshold' means a maximum allowable family income of up to 200 percent of the federal poverty level to qualify for charity care.

(4) 'Department' means the Department of Community Health.

(5) 'Hospital' means a nonprofit hospital, a hospital owned or operated by a hospital authority, or a nonprofit corporation formed, created, or operated by or on behalf of a hospital authority.

(6) 'Total state charitable care' means the annual amount of uncompensated indigent or charity care provided by all hospitals in this state based on the charity care income threshold.

(7) 'Uncompensated indigent or charity care' means the dollar amount of 'net uncompensated indigent or charity care after direct and indirect (all) compensation' as defined by, and calculated in accordance with, the department's Hospital Financial Survey and related instructions.

31-8-321.

(a) The department shall conduct a pilot program to examine the potential use of a regulated pool of charity care credits through a simulated charity care exchange.

(b) The simulated exchange shall include:

(1) The computation of each hospital's charity care floor based on its pro rata amount of total state charitable care, to be calculated no later than February 28, 2022;

(2) The computation of the value of charity care credits, which may vary based on services provided, groups of services provided, type of hospital, or other factors as determined by the department; provided, however, that charity care value shall not include bad debt; and

(3) A system of tradeable credits to enable hospitals that have exceeded their charity care floor to sell charity care credits through the simulated exchange in return for funding and to enable hospitals that do not meet their charity care floor to purchase such credits in order to meet their charity care floor.

(c) The simulated exchange shall be operational for the period from January 1, 2022, through December 31, 2022, and shall include two open auction periods when hospitals may purchase or sell charity care credits. The first open auction shall be conducted no earlier than April 1, 2022, and the second open auction shall be conducted no later than December 1, 2022.

(d) The department may obtain advisement and consultation from experts as deemed necessary to design the simulated exchange, including, but not limited to, areas such as economics, technology, medical financing, and accounting.

31-8-322.

The department shall provide a report no later than December 31, 2022, to the chairpersons of the House Committee on Health and Human Services, the Senate Health and Human

Services Committee, the House Committee on Appropriations, and the Senate Appropriations Committee. The report shall include:

(1) The total amount of charity care credits purchased and sold through the simulated exchange;

(2) The effectiveness of the simulated exchange, including whether each hospital met its charity care floor requirements and the costs and benefits of using the exchange; and

(3) Recommendations on the design and establishment of a permanent charity care exchange, including recommendations on how it could be designed to improve its operation based on the simulated exchange and how to adapt to market variations and other economic factors.

31-8-323.

(a) Hospitals shall be required to participate in the pilot program conducted pursuant to this article.

(b) The department shall have the authority to impose a monetary penalty of up to \$1,000.00 on any hospital that does not participate in the exchange.

31-8-324.

This article shall stand repealed by operation of law on December 31, 2022."

SECTION 2.

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