

2026 -- H 7407

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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSIONS ACT

Introduced By: Representatives Baginski, Fogarty, Hull, Cortvriend, Biah, Hopkins, Serpa, Corvese, Fellela, and Slater

Date Introduced: January 29, 2026

Referred To: House Health & Human Services

(Governor/Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 23-17.14-6 of the General Laws in Chapter 23-17.14 entitled "The
2 Hospital Conversions Act" is hereby amended to read as follows:

3 **23-17.14-6. Initial application — Conversions involving for-profit corporations or**
4 **not-for-profit corporations as acquirors or acquirees.**

5 (a) No person shall engage in a conversion with a for-profit corporation or a not-for-profit
6 corporation as the acquiror or acquiree involving the establishment, maintenance, or operation of a
7 hospital or a conversion subject to § 23-17.14-9 without prior approval of both the department of
8 attorney general and the department of health. The review of the two (2) departments shall occur
9 concurrently, and neither department shall delay its review or determination because the other
10 department has not completed its review or issued its determination. The applicant may request that
11 the review by the departments occur concurrently with the review of any relevant federal regulatory
12 authority. The transacting parties shall file an initial application in accordance with subsection (b)
13 of this section that shall, at minimum, include the following information with respect to each
14 transacting party and to the proposed new hospital:

15 (1) A detailed summary of the proposed conversion;
16 (2) Names, addresses, and phone numbers of the transacting parties;
17 (3) Name, address, phone number, occupation, and tenure of all officers, members of the
18 board of directors, trustees, executives, and senior managers, including for each position, current
19 persons and persons holding such position during the past two (2) years;

5 (5) Agenda and minutes of all meetings of the board of directors or trustees and any of its
6 committees, subcommittees, task forces related to the conversion, or similar entities excluding
7 those focused on peer review and confidential medical matters, that occurred within the two-year
8 (2) period prior to submission of the application, including, upon the request of the department or
9 attorney general, any meeting packages;

10 (6) Articles of incorporation and certificate of incorporation;

11 (7) Bylaws and organizational charts;

12 (8) Organizational structure for existing transacting parties and each partner, affiliate,
13 parent, subsidiary, or related corporate entity in which the acquiror has a twenty percent (20%) or
14 greater ownership interest;

15 (9) Conflict of interest statements, policies, and procedures;

16 (10) Names, addresses, and phone numbers of professional consultants engaged in
17 connection with the proposed conversion;

18 (11) Copies of audited income statements, balance sheets, other financial statements, and
19 management letters for the past three (3) years and to the extent they have been made public, audited
20 interim financial statements and income statements together with detailed description of the
21 financing structure of the proposed conversion including equity contribution, debt restructuring,
22 stock issuance, partnership interests, stock offerings, and the like;

23 (12) A detailed description of real estate issues including title reports for land owned and
24 lease agreements concerning the proposed conversion;

25 (13) A detailed description as each relates to the proposed transaction for equipment leases,
26 insurance, regulatory compliance, tax status, pending litigation or pending regulatory citations,
27 pension plan descriptions and employee benefits, environmental reports, assessments, and
28 organizational goals;

29 (14) Copies of reports analyzing the proposed conversion during the past three (3) years
30 including, but not limited to, reports by appraisers, accountants, investment bankers, actuaries, and
31 other experts;

32 (15) Copies of any opinions or memoranda addressing the state and federal tax
33 consequences of the proposed conversion prepared for a transacting party by an attorney,
34 accountant, or other expert;

1 (16) A description of the manner in which the price was determined including which
2 methods of valuation and what data were used, and the names and addresses of persons preparing
3 the documents, and this information is deemed to be proprietary;

4 (17) Patient statistics for the past three (3) years and patient projections for the next one
5 year including patient visits, admissions, emergency room visits, clinical visits, and visits to each
6 department of the hospital, admissions to nursing care, or visits by affiliated home healthcare
7 entities;

8 (18) The name and mailing address of all licensed facilities in which the for-profit
9 corporation maintains an ownership interest or controlling interest or operating authority;

10 (19) A list of pending or adjudicated citations, violations or charges against the facilities
11 listed in subdivision (a)(18) brought by any governmental agency or accrediting agency within the
12 past three (3) years and the status or disposition of each matter with regard to patient access and
13 care and charitable asset matters;

14 (20) A list of uncompensated care provided over the past three (3) years by each facility
15 listed in subdivision (a)(18) and detail as to how that amount was calculated;

16 (21) Copies of all documents related to:

17 (i) Identification of all charitable assets;

18 (ii) Accounting of all charitable assets for the past three (3) years; and

19 (iii) Distribution of the charitable assets including, but not limited to, endowments,
20 restricted, unrestricted, and specific purpose funds as each relates to the proposed transaction;

(22) A description of charity care and uncompensated care provided by the existing hospital(s) for the previous three-year (3) period to the present including a dollar amount and a description of services provided to patients;

24 (23) A description of bad debt incurred by the existing hospital for the previous three (3)
25 years for which payment was anticipated but not received;

26 (24) A description of the plan as to how the new hospital will provide community benefit
27 and charity care during the first three (3) years of operation;

28 (25) A description of how the new hospital will monitor and value charity care services
29 and community benefit;

30 (26) The names of persons currently holding a position as an officer, director, board
31 member, or senior manager who will or will not maintain any position with the new hospital and
32 whether any said person will receive any salary, severance stock offering, or any financial gain,
33 current or deferred, as a result of or in relation to the proposed conversion;

34 (27) Copies of capital and operating budgets or other financial projections for the new

1 hospital during the first three (3) years of operation;

2 (28) Copies of plans relative to staffing during the first three (3) years at the new hospital;

3 (29) A list of all medical services, departments and clinical services, and administrative

4 services that will be maintained at the new hospital, including staffing levels;

5 (30) A description of criteria established by the board of directors of the transacting parties

6 for pursuing a proposed conversion with one or more healthcare providers;

7 (31) Copies of reports of any due diligence review performed by each transacting party in

8 relation to the proposed conversion. These reports are to be held by the attorney general and

9 department of health as confidential and not released to the public regardless of any determination

10 made pursuant to § 23-17.14-32 and notwithstanding any other provision of the general laws;

11 (32) A description of request for proposals issued by the transacting parties relating to

12 pursuing a proposed conversion;

13 (33) Copies of reports analyzing affiliations, mergers, or other similar transactions

14 considered by any of the transacting parties during the past three (3) years, including, but not limited

15 to, reports by appraisers, accountants, investment bankers, actuaries, and other experts;

16 (34) A copy of proposed contracts or description of proposed contracts or arrangements

17 with senior managers, board members, officers, or directors of the transacting parties for severance

18 consulting services or covenants not to compete following completion of the proposed conversion;

19 (35) A copy or description of all agreements or proposed agreements reflecting any current

20 and/or future employment or compensated relationship between the acquiror (or any related entity)

21 and any officer, director, board member, or senior manager of the acquiree (or any related entity);

22 (36) A copy or description of all agreements executed or anticipated to be executed by any

23 of the transacting parties in connection with the proposed conversion;

24 (37) Copies of documents or description of any proposed plan for any entity to be created

25 for charitable assets, including but not limited to, endowments, restricted, unrestricted, and specific

26 purpose funds, the proposed articles of incorporation, bylaws, mission statement, program agenda,

27 method of appointment of board members, qualifications of board members, duties of board

28 members, and conflict of interest policies;

29 (38) Description of all departments, clinical, social, or other services or medical services

30 that will be eliminated or significantly reduced by transacting parties at either the new hospital(s)

31 or the existing hospital(s);

32 (39) Description of staffing levels for five (5) years of all categories of employees,

33 including full-time, part-time, and contract employees currently working at or providing services

34 to the existing hospital and description of any anticipated or proposed changes in current staffing

1 levels, including any reduction in staffing, relocation of staffing, or additional staffing affecting the
2 new hospital and the existing hospital;

3 (40) Description of retirement plan(s) for all employees, full-time or part-time, including
4 any supplemental executive retirement plans;

5 (41) Copies of retirement plans' accounting; management letters, and reports, including
6 unfunded liabilities for retirement plans for the last five (5) years;

7 (42) Copies of plans to fund unfunded liabilities for pension and any retirement plans;

8 (43) Copies of any impact analysis for the affected communities both before conversion
9 and after proposed conversion, including benefits to the community, economic impact, and staffing;

10 (44) Copies of current conflict of interest forms from all incumbent or recently incumbent
11 officers, directors, members of the boards of directors or trustees, and senior management and the
12 medical directors of the transacting parties on a form acceptable to the department of attorney
13 general;

14 (45) If the acquiror is a for-profit corporation that has acquired a not-for-profit hospital
15 under the provisions of this chapter, the application shall also include a complete statement of
16 performance during the preceding one year with regard to the terms and conditions of approval of
17 conversion and each projection, plan, or description submitted as part of the application for any
18 conversion completed under an application submitted pursuant to this section and made a part of
19 an approval for the conversion pursuant to § 23-17.14-7, § 23-17.14-8, or § 23-17.14-19; and

20 (46) Copies of IRS Form 990 for any transacting party required by federal law to file such
21 a form for each of the three (3) years prior to the submission of the application.

22 (b) Two (2) copies of the initial application shall be provided to each of the department of
23 health and department of the attorney general simultaneously by United States mail, certified, return
24 receipt requested. Filings may be submitted electronically if acceptable to the department of health
25 and/or attorney general.

26 (c) Except for information determined by the attorney general in accordance with § 23-
27 17.14-32 to be confidential and/or proprietary, or otherwise required by law to be maintained as
28 confidential, the initial application and supporting documentation shall be considered public
29 records and shall be available for inspection upon request.

30 (d) In the event of a conversion involving a hospital that, at the time that the initial
31 application is filed, is subject to a court-supervised insolvency proceeding, including bankruptcy,
32 receivership, or special mastership, the department of the attorney general and the department of
33 health may, in each department's sole discretion, permit the filing of an initial application that
34 includes the application elements set forth in § 23-17.14-12.1(b). The department of the attorney

1 general together with the department of health may only permit the filing of an application pursuant
2 to § 23-17.14-12.1(b) if both departments determine that such filing will not impede the
3 departments' ability to meet the requirements of this chapter. Notwithstanding the timeframes set
4 forth in § 23-17.14-7, and if both departments permit the filing of an application under this
5 subsection (d), within twenty (20) working days of receipt by each department of an application
6 satisfying the requirements set forth in this subsection (d), the departments will notify and afford
7 the public an opportunity to comment on the application. The decisions of each department in
8 response to an initial application filed pursuant to this subsection (d) shall be rendered within ninety
9 (90) days of acceptance of the application. The provisions of subsection (d) of this section shall
10 sunset one year from its effective date, except that this sunset provision shall not inhibit review by
11 either department for any application that was filed under this subsection (d) on or before the sunset
12 date.

13 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T

RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSIONS ACT

1 This act would amend the requirements pursuant to the Hospital Conversions Act to
2 authorize the attorney general and the department of health to permit the filing of an initial
3 application for conversion pursuant to the expedited review provisions of § 23-17.14-12.1 for a
4 hospital subject to court-supervised insolvency proceedings. The provisions of this act shall sunset
5 one year from the effective date of the act, except that the sunset provision shall not inhibit review
6 by either department for any application that was filed on or before the sunset date.

7 This act would take effect upon passage.

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