

2026 -- S 3244

LC006238

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSIONS ACT

Introduced By: Senator Melissa A. Murray

Date Introduced: May 01, 2026

Referred To: Senate Judiciary

(Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 23-17.14 of the General Laws entitled "The Hospital Conversions  
2 Act" is hereby amended by adding thereto the following section:

3 **23-17.14-37. Hospital receivership.**

4 (a) The superior court shall have the power to liquidate the assets and businesses of a  
5 hospital, defined as the legal entity licensed as a hospital under the laws of Rhode Island, pursuant  
6 to chapter 17 of this title, and any affiliates of the hospital that support the provision of care by that  
7 hospital (collectively "the hospital"), in an action by the attorney general or the department of health  
8 under this section when it is established that:

9 (1) The hospital's corporate assets are being misapplied or are in danger of being wasted  
10 or lost;

11 (2) The hospital is being mismanaged, is in severe financial distress, or is insolvent;

12 (3) The acts of the directors or those in control of the hospital are illegal, oppressive, or  
13 fraudulent; or

14 (4) The hospital is being operated in a manner which will have a detrimental impact on the  
15 health, safety, or well-being of patients or their medical care.

16 (b) It is not necessary to make shareholders, members, or other types of equity holders  
17 parties to an action or proceeding under this section unless relief is sought against them personally.

18 (c) In proceedings under this section:

19 (1) The court has general equity jurisdiction and power to:

1           (i) Issue any orders, injunctions, and decrees that justice and equity require;  
2           (ii) Appoint a receiver or receiver pendente lite, with any powers and duties that the court,  
3 from time to time directs, including any or all powers available to a receiver under common law,  
4 the laws of this state, or the rules of its courts regarding receivership, as the court deems necessary  
5 and appropriate;  
6           (iii) Take any other proceedings that are requisite to preserve the corporate assets wherever  
7 situated, and to preserve health care resources and maintain patient safety and access to health care  
8 services, to carry on the business of the hospital until a full hearing can be had; and  
9           (iv) Take any other proceedings that are requisite to preserve the corporate assets wherever  
10 situated, and to preserve health care resources and maintain patient safety and access to health care  
11 services, during the pendency of the receivership.  
12           (2) The provisions of this section supplement, and in no way displace or limit, the general  
13 equitable powers of the court.  
14           (3) After a hearing had upon any notice that the court directs to be given to all parties to  
15 the proceedings and to any other parties in interest designated by the court, the court may appoint  
16 a receiver with authority to take charge of any of the hospital's estate and effects of which he or  
17 she has been appointed receiver and to collect the assets of the hospital, including all amounts  
18 owing to the hospital whether by shareholders on account of any unpaid portion of the consideration  
19 for the issuance of shares or otherwise.  
20           (4) The hearing date for the appointment of a permanent receiver is not to be more than  
21 twenty-one (21) days after commencement of the action, unless the hearing date is extended by the  
22 court for good cause shown.  
23           (5) The receiver has authority subject to court order, to sue and defend in all courts in his  
24 or her own name as receiver of the hospital, or in its name, to intervene in any action or proceeding  
25 relating to its assets or business, to compromise any dispute or controversy, to preserve the assets  
26 of the hospital, to carry on its business, to sell, convey, and dispose of all or any part of the assets  
27 of the hospital wherever situated, either at public or private sale, to redeem any mortgages, security  
28 interests, pledges, or liens of or upon any of its assets, and generally to do all other acts which might  
29 be done by the hospital or that is necessary for the administration of his or her trust according to  
30 the course of equity. The assets of the hospital or the proceeds resulting from a sale, conveyance,  
31 or other disposition of the assets will be applied to the expenses of any liquidation and to the  
32 payment of the liabilities and obligations of the hospital, and any remaining assets or proceeds will  
33 distributed under the direction of the court among its shareholders according to their respective  
34 rights and interests. The order appointing the receiver sets forth their powers and duties. The powers

1 and duties may be increased or diminished at any time during the proceeding.

2 (6) The court has power to allow from time to time as expenses of the receivership  
3 compensation to the receiver and to attorneys in the proceeding, and to direct the payment of the  
4 compensation out of the assets of the hospital or the proceeds of any sale or disposition of the assets.

5 (7) The court appointing the receiver has exclusive jurisdiction of the hospital and its  
6 property, wherever situated, and of all questions arising in the proceedings concerning the property.

7 (8) A receiver shall in all cases give any bond that the court directs with any sureties that  
8 the court requires.

9 (9) In any proceedings to liquidate the assets and business of a hospital, the court may  
10 require all creditors of the hospital to file with the receiver, in any form that the court prescribes,  
11 proofs under oath of their respective claims. If the court requires the filing of claims, it shall fix a  
12 date, which is not to be less than four (4) months from the date of the order, as the last day for the  
13 filing of claims, and shall prescribe the notice that is to be given to creditors and claimants of the  
14 fixed date. Prior to the fixed date, the court may extend the time for the filing of claims. Creditors  
15 and claimants failing to file proofs of claim on or before the fixed date may be barred, by court  
16 order, from participating in the distribution of the assets of the hospital.

17 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

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- 1           This act would authorize the superior court to place a hospital into receivership upon action
- 2 by the attorney general or department of health when a hospital is mismanaged, financially
- 3 distressed, acting illegally, or endangering patient health and safety.
- 4           This act would take effect upon passage.

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