

2012 -- S 2762

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LC01871
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO HEALTH AND SAFETY - THE HOSPITAL CONVERSIONS ACT

Introduced By: Senator Maryellen Goodwin

Date Introduced: March 08, 2012

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 23-17.14-19 of the General Laws in Chapter 23-17.14 entitled "The
2 Hospital Conversions Act" is hereby amended to read as follows:

3 **23-17.14-19. Limits to acquisitions -- Community benefits requirements -- Filings**
4 **prohibited.** -- (a) In effectuating the purposes of this chapter to evaluate, review and monitor the
5 new phenomenon of for-profit corporations gaining an interest in hospitals and the resulting
6 impact on the delivery of healthcare in the state, limitations on for-profit corporations involved in
7 hospital conversions are necessary.

8 (b) No for-profit corporation, or its subsidiaries or affiliates, which applies for and
9 receives approval of a conversion of a hospital in accordance with the provisions of this chapter
10 shall be permitted to apply for approval of a conversion of a second hospital in this state for a
11 period of at least three (3) years after the initial conversion is finalized and implemented. This
12 subsection shall not be deemed to prohibit a for-profit corporation, together with its subsidiaries
13 and affiliates, from applying for or receiving approval of a conversion of two (2) affiliated
14 hospitals in this state provided that: (1) one of the two (2) hospital licenses involved in the
15 conversion was issued prior to July 22, 1997; and (2) this license involves a specialty
16 rehabilitation hospital that has a maximum of ninety (90) beds. Also, an application by a for-
17 profit corporation, its subsidiaries and/or affiliates, for the conversion of two (2) affiliated non-
18 profit hospitals shall be considered as an application for a single conversion if the affiliation of
19 said non-profit hospitals was approved by both the department of health and the department of the

1 [attorney general in 2009](#). A conversion undertaken pursuant to this provision shall be considered
2 one conversion and a for-profit corporation which receives approval for the conversion shall be
3 subject to the three (3) year period between the finalization and implementation of a first
4 conversion and the application for a second conversion as set forth in this subsection.

5 (c) In the event that a for-profit corporation applies to hold, own, or acquire an
6 ownership or controlling interest greater than twenty percent (20%) in more than one hospital one
7 year subsequent to the finalization and implementation of a prior license, all provisions of this
8 chapter must be met and, in addition to the review process and criteria set forth in this chapter, the
9 department shall have the sole authority and discretion to determine:

10 (1) Whether the for-profit corporation provided community benefits as required or
11 promised in connection with obtaining and holding a license or interest therein during the
12 previous license period;

13 (2) Whether all terms and conditions of the prior license have been met;

14 (3) Whether all federal, state and local laws, ordinances and regulations have been
15 complied with relative to any prior license;

16 (4) Whether the for-profit corporation planned, implemented, monitored and reviewed a
17 community benefit program during the prior license period;

18 (5) Whether the for-profit corporation maintained, enhanced or disrupted the essential
19 medical services in the affected community or the state;

20 (6) Whether the for-profit corporation provided an appropriate amount of charity care
21 necessary to maintain or enhance a safe and accessible healthcare delivery system in the affected
22 community and the state; and

23 (7) Whether the for-profit corporation demonstrated a substantial linkage between the
24 hospital and the affected community by providing one or more of the following benefits;
25 uncompensated care, charity care, cash or in kind donations to community programs, education
26 and training of professionals in community health issues, relevant research initiatives or essential
27 but unprofitable medical services if needed in the affected community.

28 (d) The director may hold a public hearing to solicit input to assess the performance of a
29 for-profit corporation or its affiliates or subsidiaries in providing community benefits in the
30 affected community or the state.

31 (e) The director shall have the sole authority to deny a for-profit corporation, its affiliates
32 or subsidiaries, or successors, permission for one or more than one license and, for good cause,
33 may prohibit a for-profit corporation or its affiliates or subsidiaries from filing an application
34 pursuant to this chapter for a period not to exceed ten (10) years.

1 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 provide that an application by a for-profit corporation, its subsidiaries
2 and/or affiliates, for the conversion of two (2) affiliated non-profit hospitals shall be considered
3 as an application for a single conversion if the affiliation of said non-profit hospitals was
4 approved by both the department of health and the department of the attorney general in 2009.

5 This act would take effect upon passage.

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