

2018 -- S 2953

LC005796

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO HEALTH AND SAFETY -- HOSPITAL CLOSURE TRANSITION ACT

Introduced By: Senators Conley, Nesselbush, Crowley, and Cano

Date Introduced: May 31, 2018

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby  
2 amended by adding thereto the following chapter:

3 CHAPTER 17.28

4 HOSPITAL CLOSURE TRANSITION ACT

5 **23-17.28-1. Short title.**

6 This chapter shall be known and may be cited as the "Hospital Closure Transition Act".

7 **23-17.28-2. Findings.**

8 The general assembly finds and declares that:

9 (1) Hospital closures, while rare, are most likely to occur when the cost of care  
10 perennially outpaces reimbursement for that care, such as in communities with large uninsured or  
11 governmentally insured populations;

12 (2) Hospital closures reduce access to health care, particularly for uninsured and  
13 underinsured populations;

14 (3) Hospital closures disrupt the local workforce and significantly strain local economies;

15 (4) Existing hospitals have the potential to reduce the negative effects of hospital closures  
16 by redesigning their models of care to serve the affected communities directly in lower cost  
17 settings.

18 **23-17.28-3. Legislative purpose.**

19 The purpose of this chapter is to:

- 1           (1) Promote access to affordable health care in affected communities;  
2           (2) Ameliorate the social and economic impact that hospital closures have upon affected  
3 communities;  
4           (3) Reduce job losses resulting from hospital closures; and  
5           (4) Encourage investment in alternative health care models.

6           **23-17.28-4. Definitions.**

7           As used in this chapter:

8           (1) "Affected community" means any city or town within the state wherein a closed  
9 hospital is physically located and/or those cities and towns whose inhabitants are regularly served  
10 by the existing hospital;

11           (2) "Closed hospital" means a hospital that has applied to the department to eliminate all  
12 or significantly all of its hospital-based emergency department or primary care services, pursuant  
13 to chapter 17.14 of title 23, has received the department's approval to eliminate all or significantly  
14 all of its hospital-based emergency department or primary care services, and has, in fact,  
15 eliminated all or significantly all of its hospital-based emergency department or primary care  
16 services;

17           (3) "Department" means the department of health.

18           (4) "Hospital" means a person or governmental entity licensed in accordance with chapter  
19 17 of this title to establish, maintain and operate a hospital;

20           **23-17.28-5. Acquisition of assets of a closed hospital by an existing hospital --**  
21 **Transactions exempt from review.**

22           (a) The transactions related to the acquisition of assets of a closed hospital shall not be  
23 subject to review by the department under the "hospital conversions act"; provided, that such  
24 acquisition of assets is finalized within twenty-four (24) months of the department's approval to  
25 close all or significantly all of the hospital-based emergency department or primary care services  
26 of the closed hospital.

27           (b) The transactions related to the acquisition of assets of a closed hospital shall not be  
28 subject to review by the department as a change of owner, operator, or lessee under chapter 17 of  
29 this title; provided, that the acquisition of assets is finalized within twenty-four (24) months of the  
30 department's approval to close all or significantly all of the hospital-based emergency department  
31 or primary care services of the closed hospital.

32           (c) The transactions related to the acquisition of assets of a closed hospital shall not be  
33 subject to a determination of need review by the department under chapter 17 of this title;  
34 provided, that the acquisition of assets is finalized within twenty-four (24) months of the

1 department's approval to close all or significantly all of the hospital-based emergency department  
2 or primary care services of the closed hospital.

3 **23-17.28-6. Hospital license extended.**

4 A hospital acquiring the assets of a closed hospital may expand the provision of health  
5 care services, such as provider-based emergency department services as defined by Medicare,  
6 intensive care services, cardiac care services, including diagnostic cardiac catheterization  
7 services, and any other hospital-based services provided by the closed hospital at any time during  
8 the immediate sixty (60) months prior to its closure, for the benefit of the affected community  
9 using the closed hospital as a satellite service location under the acquiring hospital's existing  
10 license, subject to the department's inspection of the premises. The expansion shall not be subject  
11 to a determination of need review by the department under chapter 17 of this title.

12 **23-17.28-7. Sales and use tax exemption.**

13 Notwithstanding any provision of title 44 of the general or public law to the contrary, no  
14 hospital acquiring the assets of a closed hospital for the purpose of maintaining a satellite service  
15 location shall be required to pay or otherwise be financially responsible for any Rhode Island  
16 sales and use taxes that might otherwise be due in connection with any purchases, capital  
17 improvements, or any other activities conducted by the hospital in the city or town in which the  
18 closed hospital is located.

19 **23-17.28-8. Severability.**

20 If any provision of this chapter or its application to any person or circumstance is held  
21 invalid, the invalidity shall not affect other provisions or applications of this chapter which can be  
22 given effect without the invalid provision or application, and for this purpose the provisions of  
23 this chapter are severable.

24 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 -- HOSPITAL CLOSURE TRANSITION ACT

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1           This act would facilitate the acquisition of a closed hospital's assets by an existing  
2 hospital by exempting acquisition of the assets from the requirements of the "hospital conversions  
3 act" and the "health care facilities licensing act" if the acquisition of assets is finalized within  
4 twenty-four (24) months of the department of health's approval to close all or significantly all of  
5 the hospital-based emergency department or primary care services.

6           The act would also permit a hospital acquiring the assets of a closed hospital to expand  
7 the health care services provided by the closed hospital during the sixty (60) months prior to its  
8 closure by using the closed hospital as a satellite service location. Finally, this act would provide  
9 that a hospital acquiring the assets of a closed hospital for the purpose of maintaining a satellite  
10 service location would not be required to pay Rhode Island sales and use taxes associated with  
11 purchase, capital improvements and any other activities conducted in the city or town in which  
12 the closed hospital is located.

13           This act would take effect upon passage.

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