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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSION ACT

Introduced By: Senators Ruggerio, Goodwin, McCaffrey, Miller, Lombardo, Coyne,
Quezada, Kallman, Cano, and Lawson

Date Introduced: January 12, 2021

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings

2 (1) The strength of the state's overall hospital network is critical to the wellbeing of all
3 Rhode Islanders;

4 (2) The for-profit hospital model's diverging interests due to its tax status result in a
5 different approach to care and corporate governance;

6 (3) The current financial stability of the for-profit hospital group controlling Fatima and
7 Roger Williams Hospitals has been publicly called into question;

8 (4) Public court filings have alleged that the hospitals are insolvent and that bankruptcy is
9 possible;

10 (5) Financial troubles at Fatima and Roger Williams Hospitals may stem in part from their
11 status as for-profit institutions, which has allowed the ownership of Fatima and Roger Williams
12 Hospitals to indebt their national network of hospitals with over a billion dollars in debt while
13 personally collecting over \$500 million in dividends from the hospitals;

14 (6) As demonstrated with the closure of Memorial Hospital in Pawtucket, the ramifications
15 of any potential closures are felt in health centers across the state, potentially overtaxing their ability
16 to provide necessary health services;

17 (7) Rhode Island's hospitals presently bear a significant burden due to the COVID-19
18 pandemic, and this burden has resulted in the opening of two field hospitals and stretched the
19 capacities of health care workers;

1 (8) As other hospital networks in Rhode Island consider transfers of ownership, it is
2 essential that the General Assembly, Rhode Island Department of Health, and Rhode Island
3 Attorney General, and health care regulators thoroughly understand the for-profit hospital model
4 and its broader impact on our state's healthcare delivery system; and

5 (9) A moratorium on approvals of any new for-profit hospitals or transfer of ownership
6 would grant the General Assembly and regulators the time necessary to conduct a comprehensive
7 review of for-profit hospital entities and their impact on the financial condition of the hospitals they
8 operate, other hospitals in the state, and the overall health care system.

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

11 **23-17.14-36. Moratorium on conversions involving for-profit corporation as acquiree**
12 **or acquiror.**

13 There shall be a one year moratorium imposed on the conversion of any hospital governed
14 by this act if the acquiree or acquiror is a for-profit corporation.

15 SECTION 3. This act shall take effect upon passage and shall expire one year from the
16 effective date.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO HEALTH AND SAFETY -- THE HOSPITAL CONVERSION ACT

1 This act would provide a one year moratorium on hospital conversions involving for-profit
2 corporations as acquiree or acquiror.

3 This act would take effect upon passage and would expire one year from the effective date.

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