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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

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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: February 11, 2010

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 23-17.14-8 and 23-17.14-11 of the General Laws in Chapter 23-  
2 17.14 entitled "The Hospital Conversions Act" are hereby amended to read as follows:

3 **23-17.14-8. Review process and review criteria by department of health for**  
4 **conversions involving for-profit corporation as acquiror.** -- (a) The department shall review  
5 all proposed conversions involving a hospital in which one or more of the transacting parties  
6 involves a for-profit corporation as the acquiror and a not-for-profit corporation as the acquiree.

7 (b) In reviewing an application for a conversion involving hospitals in which one or  
8 more of the transacting parties is a for-profit corporation as the acquiror the department shall  
9 consider the following criteria:

10 (1) Whether the character, commitment, competence, and standing in the community, or  
11 any other communities served by the proposed transacting parties, are satisfactory;

12 (2) Whether sufficient safeguards are included to assure the affected community  
13 continued access to affordable care;

14 (3) Whether the transacting parties have provided clear and convincing evidence that the  
15 new hospital will provide health care and appropriate access with respect to traditionally  
16 underserved populations in the affected community;

17 (4) Whether procedures or safeguards are assured to insure that ownership interests will  
18 not be used as incentives for hospital employees or physicians to refer patients to the hospital;

19 (5) Whether the transacting parties have made a commitment to assure the continuation

1 of collective bargaining rights [and neutrality towards unionization in cases where unionized](#)  
2 [hospital services are merged with non-union hospital services](#), if applicable, and retention of the  
3 workforce;

4 (6) Whether the transacting parties have appropriately accounted for employment needs  
5 at the facility and addressed workforce retraining [and/or severance pay](#) needed as a consequence  
6 of any proposed restructuring;

7 (7) Whether the conversion demonstrates that the public interest will be served  
8 considering the essential medical services needed to provide safe and adequate treatment,  
9 appropriate access and balanced health care delivery to the residents of the state; and

10 (8) Whether the acquiror has demonstrated that it has satisfactorily met the terms and  
11 conditions of approval for any previous conversion pursuant to an application submitted under  
12 section 23-17.14-6.

13 [\(9\) Whether the transacting parties have attested to the fact that no hospital executive](#)  
14 [shall receive a bonus or severance package as a direct benefit of a hospital merger.](#)

15 **23-17.14-11. Criteria for the department of health -- Conversions limited to not-for-**  
16 **profit corporations. --** In reviewing an application of a conversion involving a hospital in which  
17 the transacting parties are limited to not-for-profit corporations, the department shall consider the  
18 following criteria:

19 (1) Whether the character, commitment, competence, and standing in the community, or  
20 any other communities served by the proposed transacting parties are satisfactory;

21 (2) Whether sufficient safeguards are included to assure the affected community  
22 continued access to affordable care;

23 (3) Whether the transacting parties have provided satisfactory evidence that the new  
24 hospital will provide health care and appropriate access with respect to traditionally underserved  
25 populations in the affected community;

26 (4) Whether procedures or safeguards are assured to insure that ownership interests will  
27 not be used as incentives for hospital employees or physicians to refer patients to the hospital;

28 (5) Whether the transacting parties have made a commitment to assure the continuation  
29 of collective bargaining rights [and neutrality towards unionization in cases where unionized](#)  
30 [hospital services are merged with non-union hospital services](#), if applicable, and retention of the  
31 ~~workplace~~ [workforce](#);

32 (6) Whether the transacting parties have appropriately accounted for employment needs  
33 at the facility and addressed workforce retraining needed as a consequence of any proposed  
34 restructuring;

1 (7) Whether the conversion demonstrates that the public interest will be served  
2 considering the essential medical services needed to provide safe and adequate treatment,  
3 appropriate access and balanced health care delivery to the residents of the state.

4 (8) Whether the transacting parties have attested to the fact that no hospital executive  
5 shall receive a bonus or severance package as a direct benefit of a hospital merger.

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

8 **23-17.14-35. Governance and accountability.** – In the event that any entity obtains  
9 ownership or effective control of more than fifty percent (50%) of all licensed hospital beds in  
10 Rhode Island:

11 (1) The board of trustees of the entity shall be expanded to include five (5) public  
12 members to serve three (3) year renewable terms including two (2) members appointed by the  
13 president of the senate, two (2) members appointed by the speaker of the house of representatives,  
14 and one appointed by the labor organization (if applicable) that represents the largest number of  
15 employees employed by the entity; in Rhode Island;

16 (2) The director of the department of health, the health insurance commissioner, the  
17 director of the department of human services and the attorney general, or their designees, shall  
18 serve as non-voting members of the governing board of the entity;

19 (3) The entity shall annually disclose to the department of health and attorney general all  
20 updated financial information required to be disclosed pursuant to chapter 23-17.14.

21 (4) The director of health shall be directed and authorized to:

22 (i) Monitor and enforce all conditions set by the department of health during any merger  
23 approval process with respect to the entity;

24 (ii) Review and approve or deny the relocation, expansion, contraction, addition or  
25 closure of hospital service submitted by the entity governed by this chapter and/or chapter 23-  
26 17.14;

27 (iii) Review the impact of the entity on the continuation of essential services and the costs  
28 associated with said services at hospitals, both affiliated and not affiliated with the entity; and

29 (iv) The entity shall contribute the sum of five hundred thousand dollars (\$500,000)  
30 annually to the department of health for the purpose of funding its expanded responsibilities  
31 pursuant to this chapter.

32 SECTION 3. This act shall take effect upon passage.

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 require retraining and/or severance pay for workers displaced due to a  
2 hospital merger, require neutrality towards unionization in cases where unionized hospital  
3 services are merged with non-union hospital services and would prohibit bonuses or “golden  
4 parachutes” for executives as a result of a hospital merger.

5           This act would take effect upon passage.

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