

HOUSE BILL 2544

By Haston

AN ACT to amend Tennessee Code Annotated, Title 68,  
relative to healthcare facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 68, Chapter 11, is amended by adding the following as a new part:

**68-11-2401.**

The general assembly finds and declares that the necessity of transparency in the financial management of government-owned hospitals and health systems, especially regarding administrative compensations and expenses, is crucial when such entities are considering service reductions, seeking additional taxpayer funding, or facing financial difficulties.

**68-11-2402.**

As used in this part:

(1) "Administrative bonus or salary increase" means any additional compensation made to an executive or administrator of a government-owned hospital or health system that is in excess of the executive's or administrator's base salary;

(2) "Disbursements and contractor costs" means financial payments made to third parties for services rendered;

(3) "Government-owned hospital or health system" means a healthcare facility or healthcare system that is owned and operated by this state or a political subdivision of this state; and

(4) "Service line":

(A) Means a distinct operational unit within a government-owned hospital or health system; and

(B) Includes a birthing center, inpatient unit, and emergency department.

**68-11-2403.**

(a) A government-owned hospital or health system shall submit a report to the health facilities commission disclosing any administrative bonus or salary increase and any disbursements and contractor costs annually on a date and in a manner established by the health facilities commission.

(b) In addition to the annual report required by subsection (a), a government-owned hospital or health system shall submit to the health facilities commission, in such form as the commission may require, a supplemental report that discloses any administrative bonus or salary increase and any disbursements and contractor costs made since the last annual report submitted to the commission prior to the government-owned hospital or health system:

(1) Requesting additional public funds; or

(2) Initiating the closure of any service lines.

(c) If a government-owned hospital or health system makes an administrative bonus or salary increase or requests public funds to compensate for financial losses on or after the date of the closure of a service line, then the government-owned hospital or health system shall disclose in a report to the health facilities commission, in such form as the commission may require, the reasons behind the administrative bonus or salary increase and the decision to close the service line, or the reasons for the request for public funds, including financial data and strategic considerations.

(d) The health facilities commission shall make available on its public website the reports submitted pursuant to subsections (a)-(c).

**68-11-2404.**

(a) The health facilities commission may enforce this part.

(b) A government-owned hospital or health system that violates this part may be subject to sanction by the health facilities commission, including licensure sanctions and the imposition of civil fines.

SECTION 2. This act takes effect July 1, 2024, the public welfare requiring it.