

CHAPTER 2011-256

Committee Substitute for Committee Substitute for House Bill No. 1043

An act relating to Citrus County; providing for codification of special laws relating to the Citrus County Hospital Board, an independent special district in Citrus County; codifying, amending, reenacting, and repealing chapters 99-442 and 2001-308, Laws of Florida, as the “Citrus County Hospital and Medical Nursing and Convalescent Home Act”; deleting obsolete provisions; making technical revisions; providing definitions; authorizing the board to enter into a lease or contract with a not-for-profit corporation for the purpose of operating and managing the hospital and its facilities; declaring a need for governance authority to fulfill the hospital board’s public responsibilities; providing for a board of directors; providing for membership; requiring that the not-for-profit corporation conform all governance documents to certain requirements, if necessary; authorizing ad valorem taxation; requiring that the not-for-profit corporation separately account for the expenditure of all ad valorem tax moneys provided by the hospital board; requiring that the expenditure of all public tax funds be approved in a public meeting and maintained in a separate account; providing for the hospital board’s approval or rejection of the not-for-profit corporation’s articles of incorporation or bylaws, selection of a chief executive officer or renewal of his or her employment contract, the annual operating and capital budgets, additional loan indebtedness or leases in excess of a specified amount, and the not-for-profit corporation’s policies for travel reimbursements and contract bid procedures; providing that all records of the not-for-profit corporation are public records unless exempt; providing that any dispute between the hospital board and the not-for-profit corporation is subject to court action; providing for a future operational audit of the hospital board; providing application; repealing chapters 99-442 and 2001-308, Laws of Florida, relating to the Citrus County Hospital Board; providing severability; providing an effective date.

WHEREAS, the Citrus County Hospital Board was created by the Legislature in 1949 as a special taxing district and a public nonprofit corporation for the purpose of acquiring, building, constructing, maintaining, and operating a public hospital in Citrus County; and, in 1965, the Legislature expanded the purpose of the hospital board to include operating public hospitals, medical nursing homes, and convalescent homes in Citrus County, and

WHEREAS, in 1987, the hospital board caused to be incorporated a not-for-profit management corporation with the original purpose of operating exclusively for the benefit of and carrying out the purposes of the Citrus County Hospital Board and, in 1990, entered into a long-term lease agreement with the not-for-profit management corporation pursuant to section 155.40, Florida Statutes, leasing all public assets, operations, and

management of Citrus Memorial Hospital to the not-for-profit management corporation, and

WHEREAS, meaningful oversight by the hospital board is necessitated in light of the not-for-profit corporation’s status as an instrumentality of the hospital district, and

WHEREAS, restoration of meaningful hospital board representation on the board of the lessee corporation and implementation of appropriate accountability and oversight by the hospital board are necessitated in order to ensure the sovereign immunity status of the not-for-profit corporation as an instrumentality of the hospital district, and

WHEREAS, the ability of the hospital board to continue to act in the public interest on behalf of the taxpayers of Citrus County requires mechanisms to ensure adherence to the hospital board’s public responsibilities, and

WHEREAS, this act provides an appropriate and effective means of addressing the lessee’s performance of its responsibilities to the public and to the taxpayers of Citrus County, NOW, THEREFORE,

Be It Enacted by the Legislature of the State of Florida:

Section 1. This act constitutes the codification of all special acts relating to the Citrus County Hospital Board. It is the intent of the Legislature in enacting this law to provide a single, comprehensive special act charter for the district, including all current authority granted to the district by its several legislative enactments and any additional authority granted by this act.

Section 2. Chapters 99-442 and 2001-308, Laws of Florida, relating to the Citrus County Hospital Board, are codified, reenacted, amended, and repealed as provided in this act.

Section 3. The Citrus County Hospital Board is re-created, and the charter is re-created and reenacted to read:

Section 1. This act may be cited as the “Citrus County Hospital and Medical Nursing and Convalescent Home Act.”

Section 2. As used in this act, the following words and terms have the following meanings:

(1) “Citrus County Hospital Board,” “hospital board,” and “board” means the Citrus County Hospital Board.

(2) “County” means Citrus County.

(3) “County hospital and medical nursing and convalescent homes” includes hospitals, medical care facilities, clinics, and other allied medical care units.

(4) “Indigent care” means medically necessary health care provided to Citrus County residents who are determined to be qualified pursuant to the provisions of the Florida Health Care Responsibility Act, section 154.304(9), Florida Statutes, and the Florida Health Care Indigency Eligibility Certification Standards, Florida Administrative Code, rule 59H-1.0035(30).

(5) “Operate” includes build, construct, maintain, repair, alter, expand, equip, lease pursuant to and consistent with the provisions of this act, finance, and operate.

(6) “Property” means real and personal property of every nature whatsoever.

(7) “State” means the State of Florida.

Section 3. (1) There is hereby created the Citrus County Hospital Board, an independent special district, and by that name the board may sue and be sued, plead and be impleaded, contract and be contracted with, acquire and dispose of property or any interest therein, and have an official seal. The board is created as a public nonprofit corporation without stock and is composed of and governed by the five members herein provided for, to be known as trustees. The hospital board is hereby constituted and declared to be an agency of the county and incorporated for the purpose of operating hospitals, medical nursing homes, and convalescent homes in the county. The hospital board shall consist of five trustees appointed by the Governor, and, upon this act becoming a law, the present members will automatically become trustees and shall constitute the board. Their respective terms of office shall be the term each member is presently serving. All subsequent appointments, upon the expiration of the present terms, shall be for terms of 4 years each. Upon the expiration of the term of each trustee, the successor shall be appointed by the Governor. Likewise, any vacancy occurring shall be filled by appointment by the Governor for the unexpired term. Each appointment by the Governor is subject to approval and confirmation by the Senate.

(2) The trustees of the board shall elect from among its members a chair, a vice chair, and a secretary-treasurer, who shall each hold office for a period of 1 year. Each trustee shall execute a bond in the penal sum of \$5,000 with a good and sufficient surety of a surety company authorized under the laws of the state to become surety, payable to the Citrus County Hospital Board, conditioned upon the faithful performance of the duties of the trustee, which bonds shall be approved by the remaining trustees of the board and shall be filed with the Board of County Commissioners of Citrus County. The premiums on such bonds shall be paid by the hospital board.

(3) The hospital board shall comply with the applicable requirements of chapter 280, Florida Statutes, and part IV of chapter 218, Florida Statutes.

(4) Any and all funds so deposited shall be withdrawn by a check or warrant signed by two trustees of the hospital board, of which one shall be

the chair, vice chair, or secretary-treasurer. No check or warrant exceeding the sum of \$25,000 shall be delivered to the payee without approval thereof shown in the minutes of the hospital board meeting.

Section 4. The trustees of the board shall receive no compensation for their services. Three trustees shall constitute a quorum of the hospital board for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the board only upon a vote in the affirmative of three trustees thereof.

Section 5. The Citrus County Hospital Board as hereby created shall be for the purpose of operating, in Citrus County, public hospitals, medical nursing homes, and convalescent homes, primarily and chiefly for the benefit of the citizens and residents of Citrus County. Authority is hereby given to the board to build, erect, expand, equip, maintain, operate, alter, change, lease pursuant to and consistent with the provisions of this act, and repair public hospitals, medical nursing homes, and convalescent homes in Citrus County. The corporation is authorized, when rooms and services are available, without detriment or deprivation to the citizens and residents of Citrus County, to extend the hospitalization and medical nursing home and convalescent home services provided by such hospitals, medical nursing homes, and convalescent homes to patients from adjoining and other counties of Florida and from other states, upon the payment of the cost of such hospitalization, medical nursing home services, and convalescent home services as may be determined by the trustees of the hospital board. The board shall have the power and authority to operate an ambulance system and ambulance services and to charge all patients for all services rendered in any facility owned or operated by the hospital board, including the ambulance facility. The board may charge a patient interest on the patient's account; sell, discount, or assign such account to a bank, finance company, collection agency, or other type of collection facility; accept promissory notes or other types of debt obligations from a patient; assign or discount such accounts receivable, notes, or other obligations; require a patient to guarantee the payment of an existing account or note; require a guarantee of payment before admitting a patient; and receive and assign any assignment of all types of insurance proceeds. In addition to all other powers, the board shall have the power and authority to:

(1) Provide for the payment of indigent care services by private health care providers in the county, or to partner with other entities such as the Department of Health, in furtherance of the hospital board's public purpose and the necessity for the preservation of the public health and welfare of the residents of the county by the hospital board.

(2) Develop and implement a county health plan.

Section 6. The board of county commissioners shall levy or cause to be levied each year beginning July 1, 1965, the millage certified to the board of county commissioners by the trustees of the board upon all taxable real and personal property in Citrus County, not including, however, homestead

property that is exempt from general taxation by the Constitution of the State of Florida, for the purpose of erecting, building, equipping, maintaining, changing, altering, repairing, leasing, and operating the public hospital provided for in this act. Such tax shall be known as the hospital tax, and the property appraiser shall make such assessments and the tax collector shall collect such assessments when made. The money collected shall be paid monthly to the board. However, the annual tax levied under this section may not exceed 3 mills.

Section 7. The hospital board is hereby authorized and empowered to own and acquire property by purchase, lease, gift, grant, or transfer from the county, the state, or the Federal Government, or any subdivision or agency thereof, or from any municipality, person, partnership, or corporation and to acquire, construct, maintain, operate, expand, alter, repair, change, lease, finance, and equip hospitals, medical nursing homes, convalescent homes, medical care facilities, and clinics in the county.

Section 8. The hospital board is authorized and empowered to enter into contracts with individuals, partnerships, corporations, municipalities, the county, the state or any subdivision or agency thereof, or the United States of America or any subdivision or agency thereof to carry out the purposes of this act.

Section 9. The hospital board is empowered to and shall adopt all necessary rules, regulations, and bylaws for the operation of hospitals, medical nursing homes, and convalescent homes; provide for the admission thereto and treatment of such charity patients who are citizens of the state and residents of the county for the preceding 2 years; set the fees and charges to be made for the admission and treatment therein of all patients; and establish the qualifications for members of the medical profession to be entitled to practice therein.

Section 10. The hospital board shall have the power to purchase any and all equipment that may be needed for the operation of hospitals, medical nursing homes, and convalescent homes and shall have the power to appoint and hire such agent or agents, technical experts, attorneys, and all other employees as are necessary for carrying out the purposes of this act, regardless of any lease to a not-for-profit corporation, including the hiring and maintenance of staff personnel as it may deem appropriate to assist the board in the discharge of its operational, financial, and statutory responsibilities, and in carrying out its fiduciary duties to the taxpayers of Citrus County, and to prescribe their salaries and duties. The board shall have the power to discharge all employees or agents when deemed necessary by the board for the carrying out of the purposes of this act.

Section 11. At the end of each fiscal year, the Citrus County Hospital Board shall within 30 days file with the Clerk of the Circuit Court of Citrus County a full, complete, and detailed accounting of the preceding year and at the same time shall file a certified copy of such financial report with the Board of County Commissioners of Citrus County, which report shall be

recorded in the minutes of the board of county commissioners. The board of county commissioners, at its discretion and at the expense of the county, may publish and report an accounting in a newspaper of general circulation in Citrus County.

Section 12. In addition to all other implied and express powers contained in this act, the board shall have the express authority to negotiate loans to borrow money from any state or federal agency for the purpose or purposes of constructing, maintaining, repairing, altering, expanding, equipping, leasing, and operating county hospitals, medical nursing homes, convalescent homes, medical care facilities, clinics, and all other types of allied medical care units.

Section 13. (1) In addition to all other implied and express powers contained in this act, the board shall have the express authority to borrow money, with or without issuing notes therefor, for the purpose or purposes of constructing, maintaining, repairing, altering, expanding, equipping, leasing, and operating county hospitals, medical nursing homes, convalescent homes, medical care facilities, clinics, and all other types of allied medical care units. The board's authority to borrow money, with or without issuing notes, shall be subject to the conditions of this act applying to the board's right to issue revenue bonds.

(2) The board shall have express authority to issue bonds, subject to approval at a referendum of the voters of the county, and to issue revenue bonds, without a referendum of the voters of the county, the proceeds of which shall be used for erecting, equipping, building, expanding, altering, changing, maintaining, operating, leasing, and repairing such hospitals, medical nursing homes, and convalescent homes. Such bonds, federal or state hospital loans, notes, or revenue bonds shall mature within 30 years after the year in which they are issued or made and shall be payable in such years and amounts as shall be approved by the board.

(3) The board shall determine the form of the loans, notes, bonds, and revenue bonds, including any interest coupons to be attached thereto, and the manner of executing them, and shall fix the denomination or denominations thereof and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the state. In case a trustee whose signature or a facsimile of whose signature appears on any loan, note, bond, or revenue certificate or coupon ceases to be such trustee before the delivery thereof, such signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if the trustee had remained in office until such delivery. All loan agreements, notes, bonds, and revenue bonds issued hereunder shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state.

(4) Whenever the board passes a resolution approving the issuance of such bonds, the board shall call for an election and, subject to such election, permit the repayment of the bonds out of an annual levy not to exceed 1.5

mills per year. Such millage is included in the maximum millage of 3 mills per year. Subject to such limitations, such bonds shall be payable from the full faith and credit of the board.

(5) The loans, notes, and revenue bonds, together with the interest, shall be payable from gross or net receipts of the hospital board or any portion thereof.

(6) Such loans, notes, bonds, or revenue bonds shall not bear interest in excess of the maximum rate permitted by the laws of the state.

(7) The board may sell bonds, loans, notes, or revenue bonds in such manner, either at public or private sale, and for such price as it may determine to be for the best interest of the hospital board.

Section 14. The total amount of outstanding bonds of the hospital payable from ad valorem taxation at any one time shall not exceed an amount equal to 6 times the annual hospital tax, assuming such tax is based upon the yearly millage of 3 mills.

Section 15. (1) The Citrus County Hospital Board shall have the authority to enter into leases or contracts with a not-for-profit Florida corporation for the purpose of operating and managing the hospital and any or all of its facilities of any kind and nature.

(2) The Citrus County Hospital Board shall have the power and authority to:

(a) Provide health care services to residents of the county through the use of health care facilities not owned and operated by the hospital board. The provision of such care is hereby found and declared to be a public purpose and necessary for the preservation of the public health and welfare of the residents of the county.

(b) Maintain an office.

(c) Provide for reimbursement to hospitals, physicians, or other health care providers or facilities, whether public or private, and pay private physicians for indigent care.

(3) The hospital board is hereby restricted from reimbursing any health care providers or facilities, including hospitals and physicians, for their bad debts arising from those patients who are not eligible for reimbursement under hospital board guidelines. The hospital board, however, shall continue to reimburse such health care providers for the medical care of medically needy patients, to the extent of the hospital board's financial resources, taking into account funds available from other sources, including other governmental funding sources.

Section 16. To ensure public oversight, accountability, and public benefit, in addition to the requirements for any such lease set forth in section 155.40, Florida Statutes:

(1) The not-for-profit corporation shall separately account for the expenditure of all ad valorem tax moneys provided to it by the Citrus County Hospital Board, including maintaining them in a separate accounting fund. The expenditure for all such public tax funds shall be approved in a public meeting and separately accounted for annually by the not-for-profit corporation in a report provided to the Citrus County Hospital Board.

(2) The articles of incorporation, all amendments or restatements of the articles of incorporation, all corporate bylaws, all amendments or restatements of the corporate bylaws, and all other governing documents of the not-for-profit corporation shall be subject to the approval of the hospital board, and any such documents that have not heretofore been approved by the hospital board shall be submitted forthwith to the hospital board for approval.

(3) The hospital board shall be the sole member of the not-for-profit corporation.

(4) The hospital board shall independently approve any plan of merger or dissolution of the not-for-profit corporation pursuant to sections 617.1103 and 617.1402, Florida Statutes, and may reject any such plan in its sole discretion.

(5) The members of the hospital board shall be voting directors of the not-for-profit board of directors who constitute a majority of the voting directors of the not-for-profit corporation; and, to the extent that any governance documents of the not-for-profit corporation do not so presently provide, the not-for-profit corporation shall forthwith take all steps necessary to bring them into conformity with this majority membership requirement.

(6) All members of the not-for-profit board of directors shall be subject to approval by the hospital board, and any board members presently serving who have not heretofore been approved by the hospital board shall be submitted forthwith to the hospital board for approval.

(7) The chief executive officer of the not-for-profit corporation and his or her term of office and any extensions thereof shall be approved by the hospital board, and the hospital board may terminate the term of the chief executive officer of the not-for-profit corporation with or without cause in its sole discretion, subject to the terms of any and all then-existing contracts.

(8) The hospital board shall approve all borrowing of money by the not-for-profit corporation in any form and for any reason in an amount exceeding \$100,000, any additional loan indebtedness or leases in excess of \$1.25 million per instrument or contract, and all policies of the not-for-profit corporation that govern travel reimbursements and contract bid procedures.

(9) No annual operating and capital budget of the not-for-profit corporation shall become effective until approved by the hospital board.

(10) Any capital project of the not-for-profit corporation having a value in excess of \$250,000 per project, and any nonbudgeted operative expenditure in excess of \$125,000 in the per annum aggregate, shall be approved by the hospital board.

(11) At the discretion of the hospital board, each and every year the not-for-profit corporation shall complete an independent audit of the fiscal management of the hospital by an auditor chosen by the hospital board, with the audit to be paid for by the not-for-profit corporation.

(12) All records of the not-for-profit corporation shall be public records unless exempt by law.

(13) Subject to the annual approved budget, the hospital board shall reimburse the not-for-profit corporation for indigent care pursuant to the Florida Health Care Responsibility Act and the Florida Indigent Certification Standards and shall take into account funds available from other sources, including other governmental funding sources.

(14) The provisions in this act and the hospital board's lease with the not-for-profit corporation shall be construed and interpreted as furthering the public health and welfare and the open government requirements of s. 24, Art. I of the State Constitution and sections 119.01 and 286.011, Florida Statutes.

(15) Any dispute between the hospital board and the not-for-profit corporation shall be subject to any court action pursuant to sections 164.101-164.1065, Florida Statutes.

Section 4. Three years after the effective date of this act, the Citrus County Hospital Board shall submit a request to the Joint Legislative Auditing Committee for an operational audit of the hospital board and the not-for-profit corporation to be conducted by the Auditor General. The board should include specific areas to be addressed in the audit, including, but not limited to, review of internal controls over financial related operations.

Section 5. This act shall apply to existing and future leases and amendments, revisions, and restatements thereto, and to existing and future agreements for hospital care and amendments, revisions, and restatements thereto. However, this act does not apply to the term of any existing contract entered into by the not-for-profit corporation with a third party, to any existing contract for the borrowing of money in excess of \$100,000, to any additional loan indebtedness or leases in excess of \$1.25 million for which the hospital board has not previously given its approval, or to any existing contract for a capital project in excess of \$250,000 per project, and any nonbudgeted operative expenditure in excess of \$125,000 in the per

annum aggregate, for which the hospital board has not previously given its approval.

Section 6. Chapters 99-442 and 2001-308, Laws of Florida, are repealed.

Section 7. If any provision of this act or its application to any person or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

Section 8. This act shall take effect July 1, 2011.

Approved by the Governor June 24, 2011.

Filed in Office Secretary of State June 24, 2011.