Unofficial Copy

2002 Regular Session 2lr1072

By: **Delegate Morhaim** Introduced and read first time: January 16, 2002 Assigned to: Economic Matters A BILL ENTITLED 1 AN ACT concerning 2 Acquisition of Nonprofit Health Entities - Limitations on Officers, Directors, 3 and Trustees 4 FOR the purpose of prohibiting officers, directors, and trustees of a nonprofit health 5 entity from benefiting from an acquisition of that entity; and generally relating 6 to the acquisition of nonprofit health entities. 7 BY repealing and reenacting, with amendments, Article - State Government 8 9 Section 6.5-301(b) 10 Annotated Code of Maryland (1999 Replacement Volume and 2001 Supplement) 11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 12 13 MARYLAND, That the Laws of Maryland read as follows: 14 **Article - State Government** 15 6.5-301. An acquisition is not in the public interest unless appropriate steps have 17 been taken to: ensure that the value of public or charitable assets is safeguarded; 18 (1) 19 (2) ensure that: 20 the fair value of the public or charitable assets of a nonprofit 21 health service plan or a health maintenance organization will be distributed to the 22 Maryland Health Care Foundation that was established in § 20-502 of the Health -23 General Article; or 24 1. 40% of the fair value of the public or charitable assets of a (ii) 25 nonprofit hospital will be distributed to the Maryland Health Care Foundation that 26 was established in § 20-502 of the Health - General Article; and

HOUSE BILL 141

	nonprofit hospital will that is:	l be distri	2. ibuted to	60% of the fair value of the public or charitable assets of a a public or nonprofit charitable entity or trust
4 5	affected community;		A.	dedicated to serving the unmet health care needs of the
6 7	affected community;		В.	dedicated to promoting access to health care in the
8 9	affected community; a	and	C.	dedicated to improving the quality of health care in the
10			D.	independent of the transferee; and
11	(3)	ensure tl	hat:	
12 13		(I) to an offi		of the public or charitable assets of the acquisition inure etor, or trustee of a nonprofit health entity; AND
14 15		(II) OO NOT		FICERS, DIRECTORS, OR TRUSTEES OF THE NONPROFIT WISE PROFIT FROM THE ACQUISITION.
16 17	SECTION 2. AN October 1, 2002.	D BE IT	FURTHI	ER ENACTED, That this Act shall take effect