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By: **Delegate Busch**

Introduced and read first time: January 30, 2002

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Acquisition of Nonprofit Health Entities - Form of Remuneration**

3 FOR the purpose of prohibiting the distribution of certain assets to certain entities in  
4 a certain form; making this Act an emergency measure; and generally relating  
5 to the acquisition of a nonprofit health entity.

6 BY repealing and reenacting, without amendments,  
7 Article - State Government  
8 Section 6.5-301(b)  
9 Annotated Code of Maryland  
10 (1999 Replacement Volume and 2001 Supplement)

11 BY adding to  
12 Article - State Government  
13 Section 6.5-301(f)  
14 Annotated Code of Maryland  
15 (1999 Replacement Volume and 2001 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - State Government**

19 6.5-301.

20 (b) An acquisition is not in the public interest unless appropriate steps have  
21 been taken to:

22 (1) ensure that the value of public or charitable assets is safeguarded;

23 (2) ensure that:

24 (i) the fair value of the public or charitable assets of a nonprofit  
25 health service plan or a health maintenance organization will be distributed to the

1 Maryland Health Care Foundation that was established in § 20-502 of the Health -  
2 General Article; or

3 (ii) 1. 40% of the fair value of the public or charitable assets of a  
4 nonprofit hospital will be distributed to the Maryland Health Care Foundation that  
5 was established in § 20-502 of the Health - General Article; and

6 2. 60% of the fair value of the public or charitable assets of a  
7 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust  
8 that is:

9 A. dedicated to serving the unmet health care needs of the  
10 affected community;

11 B. dedicated to promoting access to health care in the  
12 affected community;

13 C. dedicated to improving the quality of health care in the  
14 affected community; and

15 D. independent of the transferee; and

16 (3) ensure that no part of the public or charitable assets of the  
17 acquisition inure directly or indirectly to an officer, director, or trustee of a nonprofit  
18 health entity.

19 (F) NO PART OF THE PUBLIC OR CHARITABLE ASSETS DISTRIBUTED TO A  
20 PUBLIC OR NONPROFIT CHARITABLE ENTITY OR TRUST IN ACCORDANCE WITH  
21 SUBSECTION (B) OF THIS SECTION MAY BE IN THE FORM OF STOCK.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency  
23 measure, is necessary for the immediate preservation of the public health or safety,  
24 has been passed by a ye and nay vote supported by three-fifths of all the members  
25 elected to each of the two Houses of the General Assembly, and shall take effect from  
26 the date it is enacted.