

HOUSE BILL 448

Emergency Bill

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2002 Regular Session
2r1923

By: ~~Delegate Busch~~ Delegates Busch, Donoghue, Eckardt, Fulton, Gordon, Hill, Kach, Krysiak, La Vay, McClenahan, McHale, Minnick, Mitchell, Moe, Pendergrass, Pielke, and Walkup

Introduced and read first time: January 30, 2002

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2002

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of ~~prohibiting~~ requiring the distribution of certain assets to certain
4 entities in a certain form; making this Act an emergency measure; and generally
5 relating 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:

1

Article - State Government

2 6.5-301.

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

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

6 (2) ensure that:

7 (i) the fair value of the public or charitable assets of a nonprofit
8 health service plan or a health maintenance organization will be distributed to the
9 Maryland Health Care Foundation that was established in § 20-502 of the Health -
10 General Article; or

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

14 2. 60% of the fair value of the public or charitable assets of a
15 nonprofit hospital will be distributed to a public or nonprofit charitable entity or trust
16 that is:

17 A. dedicated to serving the unmet health care needs of the
18 affected community;

19 B. dedicated to promoting access to health care in the
20 affected community;

21 C. dedicated to improving the quality of health care in the
22 affected community; and

23 D. independent of the transferee; and

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

27 (F) ~~NO PART OF THE PUBLIC OR CHARITABLE ASSETS DISTRIBUTED TO A~~
28 ~~PUBLIC OR NONPROFIT CHARITABLE ENTITY OR TRUST IN ACCORDANCE WITH~~
29 ~~SUBSECTION (B) (B)(2) OF THIS SECTION MAY SHALL BE IN THE FORM OF STOCK~~
30 CASH.

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

