

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 978

(Senator Edwards)

Education, Health, and Environmental Affairs

Health and Government Operations

**Garrett County Memorial Hospital - Lease Authorization and Alterations to
Board of Governors**

This emergency bill authorizes the Garrett County Commissioners and the Board of Governors of the Garrett County Memorial Hospital to lease the Garrett County Memorial Hospital, or any portion thereof, and transfer assets incidental to the lease in accordance with terms determined by the county commissioners and the Board of Governors. The bill decreases, from 9 to 3, the total number of members of the Garrett County Memorial Hospital Board, if the county commissioners and the Board of Governors lease the Garrett County Memorial Hospital or any portion thereof, as specified. The bill also requires the three members of the board to be residents of Garrett County and be appointed by the county commissioners, as specified.

Fiscal Summary

State Effect: None.

Local Effect: The bill has no material effect on Garrett County operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: If the county commissioners and the Board of Governors lease the Garrett County Memorial Hospital:

- the Board of Governors must (1) continue in existence; (2) serve as co-lessor under the lease with the county commissioners; and (3) enforce its rights and obligations under the lease and resume operation of the hospital if the lease is terminated; and
- the county commissioners must continue to (1) hold title to the real property owned by it and used for the purpose of the hospital and (2) enforce their rights and obligations under the lease.

The bill requires the Board of Governors to elect from its members a chairperson, a vice chairperson, and a secretary/treasurer. The board must meet at least once each year and at other times as the board determines or when called by the chairperson. The board may remove a member or fill a vacancy on the board, as specified. A member of the board may not serve on the board of directors of the lessee (hospital).

A member of the Board of Governors appointed by the county commissioners is appointed for two years or until the current term of the elected official or officials who selected the member ends, whichever comes first.

The county commissioners must adopt procedures for the transition of the members and duties of the Board of Governors necessitated by the entering into, or termination of, a lease under the bill.

The county commissioners and the Board of Governors may take any additional actions necessary to fully perform under a lease, including (1) executing all applicable documents and transactions necessary to lease the real estate and existing facilities; (2) transferring title to or possession of tangible and intangible property; (3) participating in any applicable regulatory process; and (4) making arrangements for a disposition of the hospital consistent with the terms of a lease.

The bill specifies that in any lease authorized by the bill, transfers of title to or possession of real estate, tangible property, or intangible property owned by the county commissioners or the Board of Governors and used in the operation of the hospital are authorized and exempt from specified public bidding requirements.

Current Law: Chapters 601 and 602 of 2021 decreased, from 15 to 9, the total number of members of the Garrett County Memorial Hospital Board of Governors. The 9-member board is comprised of 3 county commissioners (or their designees), the President of the Oakland Town Council (or the president's designee), 1 member of the hospital medical staff, and 4 at-large members. The board is required to meet at least 6 times a year.

Garrett County Memorial Hospital (Garrett Regional Medical Center)

Garrett County Memorial Hospital was established in 1950 and has evolved into an accredited acute care facility in Oakland, Maryland. In 2015, the hospital became affiliated with West Virginia University Medicine and officially became the Garrett Regional Medical Center (GRMC). The new affiliation allowed the hospital to expand services that are unique to a rural location. The hospital includes 55 inpatient beds, a 4-bed intensive care unit, a 10-bed subacute rehabilitation unit, family centered maternity suite, a 13-bed outpatient surgical unit with a 4-bed surgical suite, and 24/7 emergency services. The hospital is one of the largest employers in Garrett County with more than 500 team members.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1471 (Delegate Beitzel) - Health and Government Operations.

Information Source(s): Garrett County; Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2022
fnu2/tso Third Reader - March 24, 2022

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