April 6, 1999

ENGROSSED
SENATE BILL No. 527

DIGEST OF SB0527 (Updated March 31, 1999 5:07 pm - DI 77)

Citations Affected: IC 16-18; IC 16-21.

Synopsis: Extended lengths of stay in acute care hospitals. Defines "extended length of stay" as a length of stay in an acute care hospital inpatient unit that exceeds 1 standard deviation of the hospital wide average length of stay. Defines "hospital purposes" to include the provision of acute care in a hospital inpatient unit to patients with extended lengths of stay. Provides that the board of directors of a hospital is responsible for establishing protocols for patients with extended lengths of stay. Defines "family" to include members of a religious order or society whose members live together and whose property is exempt from taxation.

Effective: Upon passage.

Miller

(HOUSE SPONSORS — KLINKER, CRAWFORD, BECKER)

January 19, 1999, read first time and referred to Committee on Health and Provider Services.
February 18, 1999, amended, reported favorably — Do Pass.
February 23, 1999, read second time, amended, ordered engrossed.
February 24, 1999, engrossed.
March 2, 1999, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

March 8, 1999, read first time and referred to Committee on Public Health.
April 5, 1999, reported — Do Pass.

C o p y

April 6, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

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ENGROSSED
SENATE BILL No. 527

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 16-18-2-121.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **"Extended length of stay" means a length of stay in an acute care hospital inpatient unit that exceeds one (1) standard deviation of the hospital wide average length of stay.**

SECTION 2. IC 16-18-2-123 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 123. **(a)** "Family", for purposes of IC 16-25, includes an individual's spouse, sibling, child, and parent.

(b) "Family", for purposes of IC 16-18-2-167, includes members of a religious order or society whose members live together and whose property is exempt from taxation under IC 6-1.1-10-21.

SECTION 3. IC 16-18-2-179 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 179. (a) "Hospital", except as provided in subsections (b) through (f), means a hospital that is licensed under IC 16-21-2.

(b) "Hospital", for purposes of IC 16-21, means an institution, a place, a building, or an agency that holds out to the general public that it **is operated for hospital purposes and that it** provides care, accommodations, facilities, and equipment, in connection with the services of a physician, to individuals who may need medical or surgical services. The term does not include the following:

(1) Freestanding health facilities.

(2) Hospitals or institutions specifically intended to diagnose, care, and treat the following:

(A) Mentally ill individuals (as defined in IC 12-7-2-131).

(B) Individuals with developmental disabilities (as defined in IC 12-7-2-61).

(3) Offices of physicians where patients are not regularly kept as bed patients.

(4) Convalescent homes, boarding homes, or homes for the aged.

(c) "Hospital", for purposes of IC 16-22-8, has the meaning set forth in IC 16-22-8-5.

(d) "Hospital" or "tuberculosis hospital", for purposes of IC 16-24, means an institution or a facility for the treatment of individuals with tuberculosis.

(e) "Hospital", for purposes of IC 16-34, means a hospital (as defined in subsection (b)) that:

(1) is required to be licensed under IC 16-21-2; or

(2) is operated by an agency of the United States.

(f) "Hospital", for purposes of IC 16-41-12, has the meaning set forth in IC 16-41-12-6.

SECTION 4. IC 16-18-2-182 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 182. "Hospital purposes" means providing inpatient or outpatient diagnostic and treatment facilities and services generally recognized as hospital services to the public, under the direction and supervision of the patient's attending physician, including, at the discretion of the governing board, the following:

(1) Extended care facilities.

(2) The provision of services to other health care entities.

(3) Other health care services and facilities, **including the provision of acute care in hospital inpatient units to patients with extended lengths of stay.**

SECTION 5. IC 16-21-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The governing board of the hospital is the supreme authority in the hospital and is responsible for the following:

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(1) The management, operation, and control of the hospital.

(2) The appointment, reappointment, and assignment of privileges to members of the medical staff, with the advice and recommendations of the medical staff, consistent with the individual training, experience, and other qualifications of the medical staff.

(3) Establishing requirements for appointments to and continued service on the hospital's medical staff, consistent with the appointee's individual training, experience, and other qualifications, including the following requirements:

(A) Proof that a medical staff member has qualified as a health care provider under IC 16-18-2-163(a).

(B) The performance of patient care and related duties in a manner that is not disruptive to the delivery of quality medical care in the hospital setting.

(C) Standards of quality medical care that recognize the efficient and effective utilization of hospital resources, developed by the medical staff.

(4) Upon recommendation of the medical staff, establishing protocols within the requirements of this chapter and 410 IAC 15-1.2-1 for the admission, treatment, and care of patients with extended lengths of stay.

SECTION 6. IC 16-21-2-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) An applicant must submit an application for a license on a form prepared by the state department showing that:

(1) the applicant is of reputable and responsible character;

(2) the applicant is able to comply with the minimum standards for a hospital or an ambulatory outpatient surgical center and with rules adopted under this chapter; and

(3) the applicant has complied with section 15.4 of this chapter.

(b) The application must contain the following additional information:

(1) The name of the applicant.

(2) The type of institution to be operated.

(3) The location of the institution.

(4) The name of the person to be in charge of the institution.

(5) **If the applicant is a hospital, the range and types of services to be provided under the general hospital license, including any service that would otherwise require licensure by the state department under the authority of IC 16-19.**

(6) Other information the state department requires.

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SECTION 7. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 527, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 16-18-2-121.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **"Extended length of stay" means a length of stay in an acute care hospital inpatient unit that exceeds one (1) standard deviation of the hospital wide average length of stay.**

SECTION 2. IC 16-18-2-123 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 123. **(a)** "Family", for purposes of IC 16-25, includes an individual's spouse, sibling, child, and parent.

(b) "Family", for purposes of IC 16-18-2-167, includes members of a religious order or society whose members live together and whose property is exempt from taxation under IC 6-1.1-10-21.".

Page 1, line 7, after "it" insert "**is operated for hospital purposes and that it**".

Page 2, line 2, delete "Freestanding convalescent" and insert "Convalescent".

Page 2, delete lines 15 through 22.

Page 2, line 32, after "facilities" insert ",".

Page 2, line 32, delete "any health" and insert "**the provision of acute care in hospital inpatient units to patients with extended lengths of stay.**

SECTION 5. IC 16-21-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The governing board of the hospital is the supreme authority in the hospital and is responsible for the following:

(1) The management, operation, and control of the hospital.

(2) The appointment, reappointment, and assignment of privileges to members of the medical staff, with the advice and recommendations of the medical staff, consistent with the individual training, experience, and other qualifications of the medical staff.

(3) Establishing requirements for appointments to and continued service on the hospital's medical staff, consistent with the

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appointee's individual training, experience, and other qualifications, including the following requirements:

(A) Proof that a medical staff member has qualified as a health care provider under IC 16-18-2-163(a).

(B) The performance of patient care and related duties in a manner that is not disruptive to the delivery of quality medical care in the hospital setting.

(C) Standards of quality medical care that recognize the efficient and effective utilization of hospital resources, developed by the medical staff.

(4) Upon recommendation of the medical staff, establishing protocols within the requirements of this chapter and 410 IAC 15-1.2-1 for the admission, treatment, and care of patients with extended lengths of stay.".

Page 2, delete lines 33 through 42.

Page 3, delete lines 1 through 4.

Page 3, between lines 24 and 25 begin a new paragraph and insert:

"SECTION 7. IC 16-22-3-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The governing board may mortgage all or part of an interest in real or personal property owned by the hospital and may enter into a sale and leaseback of hospital property on terms and conditions acceptable to the board.

(b) The following property may be disposed of on terms and conditions acceptable to the board:

(1) Real or personal property subject to a mortgage or sale and leaseback arrangement.

(2) Real or personal property in which the hospital has an ownership interest as a participant in an organization or activity described in section 1(b) of this chapter.

(3) An arrangement in which at least two (2) hospitals participate for the provision of any hospital or related services, including participation or ownership as a tenant in common with other hospitals.

(c) Except as provided in subsection (b), real or personal property or an interest in real or personal property owned by the hospital may be disposed of as follows:

(1) Personal property:

(A) that has limited or no use to the hospital; and

(B) that:

(i) has value not exceeding ~~five~~ **fifteen** thousand dollars ~~($5,000);~~ **($15,000);** or

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(ii) is traded upon purchase of other personal property;

may be disposed of without the necessity of advertising, auctioning, or requesting bids.

(2) Real property that the board considers no longer necessary for hospital purposes shall be sold after the following occur:

(A) The property is appraised by three (3) disinterested owners of taxable real property of the county.

(B) The board publishes notice of the sale one (1) time at least seven (7) days before the date of the sale.

(C) The sale is approved by the commissioners.

The board shall determine the time, terms, and conditions of the sale of property.

(3) Personal property other than property described in subdivision (1) shall be sold at public auction. The board shall publish notice of the sale one (1) time at least seven (7) days before the date of the sale. If sealed bids are solicited in the published notice of the sale, the bids must be opened in public on the date and time of the sale to satisfy the public auction requirement.

Upon the sale of real property under this subsection and the payment of the purchase price, the board and the commissioners shall execute a deed of conveyance to the purchaser. The proceeds of all sales are a part of the hospital funds to be held and used for the use and benefit of the hospital.

(d) If a trust (as defined in IC 30-4-1-1(a)) submits a bid in a sale or lease conducted under subsection (b), (c), or (e), the bid must identify each:

(1) beneficiary of the trust; and

(2) settlor empowered to revoke or modify the trust.

(e) If it is determined by the board, the county executive, and the county fiscal body, by joint resolution, that:

(1) the hospital should cease doing business as a county hospital;

(2) the hospital should be terminated and dissolved; and

(3) the entire hospital building or buildings should be sold or leased to a for-profit corporation, partnership, or entity;

the proposed sale or lease shall be considered publicly, and the board, the county executive, and the county fiscal body shall follow the procedures of IC 16-22-6-18 concerning notice and hearing on the terms and provisions of the sale or lease. The terms and provisions of the sale or lease shall be determined by the board, the county executive, and the county fiscal body and shall be presented at a hearing as required by IC 16-22-6-18.

(f) An individual who is a:

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(1) board member in the member's capacity as a board member; or

(2) member of:

(A) the county executive; or

(B) the county fiscal body;

is immune from potential or actual liability attributable to the individual with respect to a sale or lease under subsection (e).

(g) In the event of a sale or lease under this section, the county is not liable for:

(1) any liabilities of the hospital that:

(A) were incurred on or before; or

(B) are incurred at any time after;

the sale or lease date; or

(2) any future liabilities incurred by the successor entity;

unless otherwise agreed to by the county at the time of the sale or lease in the sale or lease document. Any liabilities described in this subsection are the responsibility of the purchasing or leasing entity, unless agreed to otherwise in the sale or lease document.

(h) After the hearing on the proposed sale or lease, if it is determined by the board, the county executive, and the county fiscal body that the sale or lease should proceed, the hospital building or buildings shall be sold or leased in accordance with proposed terms and provisions.

(i) The board, the county executive, and the county fiscal body shall execute:

(1) a deed of conveyance upon payment of the purchase price if the buildings are sold; or

(2) a lease upon terms the board, the county executive, and the county fiscal body consider reasonable if the buildings are leased.

(j) The proceeds of the sale or lease of all of the hospital buildings must first be applied to outstanding indebtedness attributable to the hospital buildings. The commissioners shall deposit the balance of the proceeds from the sale or lease and any property in the hospital fund in:

(1) a nonexpendable interest bearing trust fund from which claims are paid for county hospital claims for the indigent or any other fund that the county executive and county fiscal body designate; or

(2) the county general fund.".

Page 3, delete lines 25 through 39.

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Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 527 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 8, Nays 1.

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SENATE MOTION

Mr. President: I move that Senate Bill 527 be amended to read as follows:

Delete pages 4 through 5.

Page 6, delete lines 1 through 21.

Page 6, line 22, delete "8" and insert "7".

(Reference is to SB 527 as printed February 19, 1999.)

MILLER

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Senate Bill 527, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BROWN C, Chair

Committee Vote: yeas 8, nays 0.

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