

Legislative Analysis



JOINT MUNICIPAL HOSPITAL AUTHORITIES

Phone: (517) 373-8080
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House Bill 5876 (H-1) as reported from committee

Sponsor: Rep. Greg VanWoerkom

Committee: Health Policy

Complete to 4-26-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5876 would amend 1945 PA 47, which allows two or more cities, villages, or townships to jointly own and operate a hospital under a joint municipal hospital authority, to remove conditions that apply to the sale to a nonprofit corporation of a hospital owned by a hospital authority that has a jurisdiction with a member population of less than 300,000.

Specifically, the bill would eliminate provisions that require any subsequent sale, lease, or transfer of the hospital by the nonprofit corporation to be approved by the voters of the hospital authority, require it to be for fair market value, and require the proceeds of the transaction to go to the hospital authority.

As currently, the hospital authority would have to expressly consent to any such sale, lease, or transfer. The bill would add that if the sale, lease, or transfer were approved by the hospital authority, the nonprofit corporation could sell, lease, or otherwise transfer the hospital on terms and conditions it considered reasonable, including a sale, lease, or other transfer for no or nominal monetary consideration.

In addition, the bill would eliminate provisions that now require the nonprofit corporation to adopt policies to ensure that, to a reasonable degree, hospital care is provided free to indigent persons in the hospital's service area and that the hospital complies with a Public Health Code requirement that patients not be denied appropriate care based on their source of payment.

Finally, the bill would provide that if a hospital authority has completed the purposes for which it was organized, the hospital board may provide for the dissolution of the hospital authority by a vote of the majority of the entire board. (Unlike provisions described above, this would apply to all hospital authorities and not just those with a member population of less than 300,000.) The bill would add that a hospital authority has not completed the purposes for which it was organized if it has bonds outstanding that have not been defeased as described in the act.

MCL 331.9

FISCAL IMPACT:

The bill would not have a fiscal impact on the state. The fiscal impact on local units of government is indeterminate and would depend on whether a local unit of government is a part of a hospital authority.

POSITIONS:

A representative of North Ottawa Community Hospital testified in support of the bill.
(3-17-22)

The Michigan Health and Hospital Association indicated support for the bill. (3-17-22)

Legislative Analyst: Rick Yuille
Fiscal Analyst: Kevin Koorstra

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.