

By the Committees on Appropriations; Health, Aging, and Long-Term Care; and Senators Peaden, Jones, Klein, Saunders and Fasano

309-2343-03

1                                   A bill to be entitled  
2           An act relating to rural hospitals; amending  
3           ss. 395.602 and 408.07, F.S.; revising the  
4           definition of the term "rural hospital";  
5           creating s. 395.6025, F.S.; authorizing  
6           exemptions from certificate-of-need review for  
7           the construction of a new or replacement  
8           facility for a rural hospital; providing  
9           conditions for eligibility for the exemption;  
10          creating s. 395.6063, F.S.; permitting any  
11          statutory rural hospital to contract with the  
12          Department of Management Services in order to  
13          purchase coverage in the state group health  
14          insurance plan for the hospital's employees;  
15          requiring a participating hospital to pay a  
16          fee; requiring the Department of Management  
17          Services to obtain a private letter ruling;  
18          expanding the definition of the term "infant  
19          delivered" for the purposes of payment of an  
20          initial assessment for each infant delivered in  
21          a hospital; providing an effective date.

22  
23 Be It Enacted by the Legislature of the State of Florida:

24  
25           Section 1. Paragraph (e) of subsection (2) of section  
26   395.602, Florida Statutes, is amended to read:  
27           395.602 Rural hospitals.--  
28           (2) DEFINITIONS.--As used in this part:  
29           (e) "Rural hospital" means an acute care hospital  
30   licensed under this chapter, having 100 or fewer licensed beds  
31   and an emergency room, which is:

- 1           1. The sole provider within a county with a population  
2 density of no greater than 100 persons per square mile;
- 3           2. An acute care hospital, in a county with a  
4 population density of no greater than 100 persons per square  
5 mile, which is at least 30 minutes of travel time, on normally  
6 traveled roads under normal traffic conditions, from any other  
7 acute care hospital within the same county;
- 8           3. A hospital supported by a tax district or  
9 subdistrict whose boundaries encompass a population of 100  
10 persons or fewer per square mile;
- 11          4. A hospital in a constitutional charter county with  
12 a population of over 1 million persons that has imposed a  
13 local option health service tax pursuant to law and in an area  
14 that was directly impacted by a catastrophic event on August  
15 24, 1992, for which the Governor of Florida declared a state  
16 of emergency pursuant to chapter 125, and has 120 beds or less  
17 that serves an agricultural community with an emergency room  
18 utilization of no less than 20,000 visits and a Medicaid  
19 in-patient utilization rate greater than 15 percent;
- 20          5. A hospital with a service area that has a  
21 population of 100 persons or fewer per square mile. As used in  
22 this subparagraph, the term "service area" means the fewest  
23 number of zip codes that account for 75 percent of the  
24 hospital's discharges for the most recent 5-year period, based  
25 on information available from the hospital inpatient discharge  
26 database in the State Center for Health Statistics at the  
27 Agency for Health Care Administration; or
- 28          6. A hospital designated as a Critical Access Hospital  
29 by the Department of Health in accordance with federal  
30 regulations and state requirements.
- 31

1 Population densities used in this paragraph must be based upon  
2 the most recently completed United States census. A hospital  
3 that received funds under s. 409.9116 for a quarter beginning  
4 no later than July 1, 2002, is deemed to have been and shall  
5 continue to be a rural hospital from that date through June  
6 30, 2012, if the hospital continues to have 100 or fewer  
7 licensed beds and an emergency room, or meets the criteria of  
8 subparagraph 4. An acute care hospital that has not previously  
9 been designated as a rural hospital and that meets the  
10 criteria of this paragraph shall be granted such designation  
11 upon application, including supporting documentation to the  
12 Agency for Health Care Administration.

13 Section 2. Subsection (42) of section 408.07, Florida  
14 Statutes, is amended to read:

15 408.07 Definitions.--As used in this chapter, with the  
16 exception of ss. 408.031-408.045, the term:

17 (42) "Rural hospital" means an acute care hospital  
18 licensed under chapter 395, having 100 or fewer licensed beds  
19 and an emergency room, and which is:

20 (a) The sole provider within a county with a  
21 population density of no greater than 100 persons per square  
22 mile;

23 (b) An acute care hospital, in a county with a  
24 population density of no greater than 100 persons per square  
25 mile, which is at least 30 minutes of travel time, on normally  
26 traveled roads under normal traffic conditions, from another  
27 acute care hospital within the same county;

28 (c) A hospital supported by a tax district or  
29 subdistrict whose boundaries encompass a population of 100  
30 persons or fewer per square mile;

31

1 (d) A hospital with a service area that has a  
2 population of 100 persons or fewer per square mile. As used  
3 in this paragraph, the term "service area" means the fewest  
4 number of zip codes that account for 75 percent of the  
5 hospital's discharges for the most recent 5-year period, based  
6 on information available from the hospital inpatient discharge  
7 database in the State Center for Health Statistics at the  
8 Agency for Health Care Administration; or

9 (e) A hospital designated as a Critical Access  
10 Hospital by the Department of Health in accordance with  
11 federal regulations and state requirements.

12  
13 Population densities used in this subsection must be based  
14 upon the most recently completed United States census. A  
15 hospital that received funds under s. 409.9116 for a quarter  
16 beginning no later than July 1, 2002, is deemed to have been  
17 and shall continue to be a rural hospital from that date  
18 through June 30, 2012, if the hospital continues to have 100  
19 or fewer licensed beds and an emergency room, or meets the  
20 criteria of s. 395.602(2)(e)4. An acute care hospital that has  
21 not previously been designated as a rural hospital and that  
22 meets the criteria of this subsection shall be granted such  
23 designation upon application, including supporting  
24 documentation, to the Agency for Health Care Administration.

25 Section 3. Section 395.6025, Florida Statutes, is  
26 created to read:

27 395.6025 Rural hospital replacement facilities.--  
28 Notwithstanding the provisions of s. 408.036, a hospital  
29 defined as a statutory rural hospital in accordance with s.  
30 395.602, or a not-for-profit operator of rural hospitals, is  
31 not required to obtain a certificate of need for the

1 construction of a new hospital located in a county with a  
2 population of at least 15,000 but no more than 18,000 and a  
3 density of less than 30 persons per square mile, or a  
4 replacement facility, provided that the replacement, or new,  
5 facility is located within 10 miles of the site of the  
6 currently licensed rural hospital and within the current  
7 primary service area. As used in this section, the term  
8 "service area" means the fewest number of zip codes that  
9 account for 75 percent of the hospital's discharges for the  
10 most recent 5-year period, based on information available from  
11 the hospital inpatient discharge database in the State Center  
12 for Health Statistics at the Agency for Health Care  
13 Administration.

14 Section 4. Section 395.6063, Florida Statutes, is  
15 created to read:

16 395.6063 Rural hospital employee health insurance.--

17 (1) Effective July 1, 2003, any statutory rural  
18 hospital may contract with the Department of Management  
19 Services in order to purchase coverage in the state group  
20 health insurance plan for the hospital's employees and  
21 qualified family members at the same premium cost as that for  
22 retirees and surviving spouses. The hospital shall collect  
23 payroll deductions or other remuneration from qualified  
24 employees as may be required for the employee contribution in  
25 accordance with the department's regulations. The hospital  
26 shall also make the employer contributions required and pay an  
27 annual administrative fee of not less than \$2.61 per enrollee  
28 per month.

29 (2) The provisions of ss.624.436-624.446 do not apply  
30 to the State Group Insurance Program for purposes of this  
31 section.

1           (3) The Department of Management Services shall  
2 request a private letter ruling from the Internal Revenue  
3 Service determining whether the inclusion of employees of  
4 rural hospitals in the state group insurance program, in  
5 accordance with this section, jeopardizes the qualified tax  
6 status of the state group insurance program. The department  
7 shall request this determination no later than July 31, 2003.  
8 Implementation of this section is contingent upon receipt of a  
9 favorable ruling by the Internal Revenue Service.

10           Section 5. Paragraph (a) of subsection (4) of section  
11 766.314, Florida Statutes, is amended to read:

12           766.314 Assessments; plan of operation.--

13           (4) The following persons and entities shall pay into  
14 the association an initial assessment in accordance with the  
15 plan of operation:

16           (a) On or before October 1, 1988, each hospital  
17 licensed under chapter 395 shall pay an initial assessment of  
18 \$50 per infant delivered in the hospital during the prior  
19 calendar year, as reported to the Agency for Health Care  
20 Administration; provided, however, that a hospital owned or  
21 operated by the state or a county, special taxing district, or  
22 other political subdivision of the state shall not be required  
23 to pay the initial assessment or any assessment required by  
24 subsection (5). The term "infant delivered" includes live  
25 births and not stillbirths, but the term does not include  
26 infants delivered by employees or agents of the Board of  
27 Regents,~~or~~ those born in a teaching hospital as defined in s.  
28 408.07, or those born in a teaching hospital as defined in s.  
29 395.806 that have been deemed by the association as being  
30 exempt from assessments since fiscal year 1997 to fiscal year  
31 2001. The initial assessment and any assessment imposed

1 pursuant to subsection (5) may not include any infant born to  
2 a charity patient (as defined by rule of the Agency for Health  
3 Care Administration) or born to a patient for whom the  
4 hospital receives Medicaid reimbursement, if the sum of the  
5 annual charges for charity patients plus the annual Medicaid  
6 contractals of the hospital exceeds 10 percent of the total  
7 annual gross operating revenues of the hospital. The hospital  
8 is responsible for documenting, to the satisfaction of the  
9 association, the exclusion of any birth from the computation  
10 of the assessment. Upon demonstration of financial need by a  
11 hospital, the association may provide for installment payments  
12 of assessments.

13 Section 6. This act shall take effect July 1, 2003.

14  
15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
16 COMMITTEE SUBSTITUTE FOR  
17 CS for Senate Bill 250

18 The Committee Substitute expands the definition of the term  
19 "infant delivered" for the purposes of payment of an initial  
20 assessment for each infant delivered in a hospital to exclude  
21 infants born in a teaching hospital that have been deemed by  
22 the association as being exempt from assessments since fiscal  
23 year 1997 to 2001.

24 Provides that statutory rural hospitals, or a not-for-profit  
25 operator of rural hospitals, are not required to obtain a  
26 certificate-of-need for construction of a new hospital located  
27 in a county with a population of at least 15,000, but no more  
28 than 18,000, and a density of less than 30 persons per square  
29 mile, or a replacement facility, provided that the replacement  
30 or new facility is located within 10 miles and within the  
31 current primary service area.

Provides that 1) statutory rural hospitals may contract with  
the Department of Management Services in order to purchase  
coverage in the State Group Insurance plan for their  
employees; 2) provides that the provisions of ss.624.436 -  
624.446 related to multiple employer welfare arrangement do  
not apply to the State Group Insurance Program; and 3)  
requires the Department of Management Services to request a  
private letter ruling from the Internal Revenue Service to  
determine if the inclusion of employees of rural hospitals  
jeopardizes the qualified tax status of the State Group  
Insurance Program.