



CHAMBER ACTION

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The Committee on State Administration recommends the following:

**Committee Substitute**

Remove the entire bill and insert:

A bill to be entitled

An act relating to hospitals; amending ss. 395.602 and 408.07, F.S.; revising the definition of the term "rural hospital"; declaring and continuing such designation for certain hospitals for a specified period; authorizing the granting of such designation for certain other hospitals upon application with supporting documentation; creating s. 395.6025, F.S.; providing exemption for a statutory rural hospital or a not-for-profit operator of rural hospitals from certificate-of-need review for the construction of a new or replacement facility; providing conditions for eligibility for the exemption; creating s. 395.6063, F.S.; permitting any statutory rural hospital to contract with the Department of Management Services in order to purchase coverage in the state group health insurance plan for the hospital's employees; requiring a participating hospital to make the employer contributions required and pay an annual administrative fee; providing exemption from nonprofit multiple-employer welfare



HB 0441

2003  
CS

29 | arrangements; requiring the request of an Internal Revenue  
 30 | Service private letter ruling; providing for contingent  
 31 | effect; amending s. 766.314, F.S.; excluding infants born  
 32 | in certain family practice teaching hospitals from  
 33 | assessments used to fund the Florida Birth-Related  
 34 | Neurological Injury Compensation Plan; providing an  
 35 | effective date.

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

Section 1. Paragraph (e) of subsection (2) of section 395.602, Florida Statutes, is amended to read:

395.602 Rural hospitals.--

(2) DEFINITIONS.--As used in this part:

(e) "Rural hospital" means an acute care hospital licensed under this chapter, having 100 or fewer licensed beds and an emergency room, which is:

1. The sole provider within a county with a population density of no greater than 100 persons per square mile;
2. An acute care hospital, in a county with a population density of no greater than 100 persons per square mile, which is at least 30 minutes of travel time, on normally traveled roads under normal traffic conditions, from any other acute care hospital within the same county;
3. A hospital supported by a tax district or subdistrict whose boundaries encompass a population of 100 persons or fewer per square mile;



HB 0441

2003  
CS

56 4. A hospital in a constitutional charter county with a  
57 population of over 1 million persons that has imposed a local  
58 option health service tax pursuant to law and in an area that  
59 was directly impacted by a catastrophic event on August 24,  
60 1992, for which the Governor of Florida declared a state of  
61 emergency pursuant to chapter 125, and has 120 beds or less that  
62 serves an agricultural community with an emergency room  
63 utilization of no less than 20,000 visits and a Medicaid in-  
64 patient utilization rate greater than 15 percent;

65 5. A hospital with a service area that has a population of  
66 100 persons or fewer per square mile. As used in this  
67 subparagraph, the term "service area" means the fewest number of  
68 zip codes that account for 75 percent of the hospital's  
69 discharges for the most recent 5-year period, based on  
70 information available from the hospital inpatient discharge  
71 database in the State Center for Health Statistics at the Agency  
72 for Health Care Administration; or

73 6. A hospital designated as a Critical Access Hospital by  
74 the Department of Health in accordance with federal regulations  
75 and state requirements.

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77 Population densities used in this paragraph must be based upon  
78 the most recently completed United States census. A hospital  
79 that received funds under s. 409.9116 for a quarter beginning no  
80 later than July 1, 2002, is deemed to have been and shall  
81 continue to be a rural hospital from that date through June 30,  
82 2012, if the hospital continues to have 100 or fewer licensed  
83 beds and an emergency room, or meets the criteria of



HB 0441

2003  
CS

84 subparagraph 4. An acute care hospital that has not previously  
85 been designated as a rural hospital and that meets the criteria  
86 of this paragraph shall be granted such designation upon  
87 application, including supporting documentation, to the Agency  
88 for Health Care Administration.

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

91 408.07 Definitions.--As used in this chapter, with the  
92 exception of ss. 408.031-408.045, the term:

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

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

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

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

106 (d) A hospital with a service area that has a population  
107 of 100 persons or fewer per square mile. As used in this  
108 paragraph, the term "service area" means the fewest number of  
109 zip codes that account for 75 percent of the hospital's  
110 discharges for the most recent 5-year period, based on  
111 information available from the hospital inpatient discharge



HB 0441

2003  
CS

112 database in the State Center for Health Statistics at the Agency  
113 for Health Care Administration; or

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

117  
118 Population densities used in this subsection must be based upon  
119 the most recently completed United States census. A hospital  
120 that received funds under s. 409.9116 for a quarter beginning no  
121 later than July 1, 2002, is deemed to have been and shall  
122 continue to be a rural hospital from that date through June 30,  
123 2012, if the hospital continues to have 100 or fewer licensed  
124 beds and an emergency room, or meets the criteria of s.  
125 395.602(2)(e)4. An acute care hospital that has not previously  
126 been designated as a rural hospital and that meets the criteria  
127 of this subsection shall be granted such designation upon  
128 application, including supporting documentation, to the Agency  
129 for Health Care Administration.

130 Section 3. Section 395.6025, Florida Statutes, is created  
131 to read:

132 395.6025 Rural hospitals; new or replacement  
133 facilities.--Notwithstanding the provisions of s. 408.036, a  
134 hospital defined as a statutory rural hospital in accordance  
135 with s. 395.602, or a not-for-profit operator of rural  
136 hospitals, is not required to obtain a certificate of need for  
137 the construction of a new or replacement facility, provided that  
138 the new or replacement facility is located within 10 miles of  
139 the site of the currently licensed rural hospital and within the



HB 0441

2003  
CS

140 current primary service area. As used in this section, the term  
141 "service area" means the fewest number of zip codes that account  
142 for 75 percent of the hospital's discharges for the most recent  
143 5-year period, based on information available from the hospital  
144 inpatient discharge database in the State Center for Health  
145 Statistics at the Agency for Health Care Administration.

146 Section 4. Section 395.6063, Florida Statutes, is created  
147 to read:

148 395.6063 Rural hospital employee health insurance.--

149 (1) Effective July 1, 2003, any statutory rural hospital  
150 may contract with the Department of Management Services in order  
151 to purchase coverage in the state group health insurance plan  
152 for the hospital's employees and qualified family members at the  
153 same premium cost as that for retirees and surviving spouses.  
154 The hospital shall collect payroll deductions or other  
155 remuneration from qualified employees as may be required for the  
156 employee contribution in accordance with the department's  
157 regulations. The hospital shall also make the employer  
158 contributions required and pay an annual administrative fee of  
159 not less than \$2.61 per enrollee per month.

160 (2) The provisions of ss. 624.436-624.446 do not apply to  
161 the state group insurance program for purposes of this section.

162 (3) The Department of Management Services shall request a  
163 private letter ruling from the Internal Revenue Service  
164 determining whether the inclusion of employees of rural  
165 hospitals in the state group insurance program, in accordance  
166 with this section, jeopardizes the qualified tax status of the  
167 state group insurance program. The department shall request this



HB 0441

2003  
CS

168 determination no later than July 31, 2003. Implementation of  
169 this section is contingent upon receipt of a favorable ruling by  
170 the Internal Revenue Service.

171 Section 5. Paragraph (a) of subsection (4) of section  
172 766.314, Florida Statutes, is amended to read:

173 766.314 Assessments; plan of operation.--

174 (4) The following persons and entities shall pay into the  
175 association an initial assessment in accordance with the plan of  
176 operation:

177 (a) On or before October 1, 1988, each hospital licensed  
178 under chapter 395 shall pay an initial assessment of \$50 per  
179 infant delivered in the hospital during the prior calendar year,  
180 as reported to the Agency for Health Care Administration;  
181 provided, however, that a hospital owned or operated by the  
182 state or a county, special taxing district, or other political  
183 subdivision of the state shall not be required to pay the  
184 initial assessment or any assessment required by subsection (5).  
185 The term "infant delivered" includes live births and not  
186 stillbirths, but the term does not include infants delivered by  
187 employees or agents of the Board of Regents, ~~or~~ those born in a  
188 teaching hospital as defined in s. 408.07, or those born in a  
189 family practice teaching hospital designated pursuant to s.  
190 395.806 that was exempted by the association from assessments  
191 for fiscal years 1997-1998 through 2001-2002. The initial  
192 assessment and any assessment imposed pursuant to subsection (5)  
193 may not include any infant born to a charity patient (as defined  
194 by rule of the Agency for Health Care Administration) or born to  
195 a patient for whom the hospital receives Medicaid reimbursement,



HB 0441

2003  
CS

196 | if the sum of the annual charges for charity patients plus the  
197 | annual Medicaid contractals of the hospital exceeds 10 percent  
198 | of the total annual gross operating revenues of the hospital.  
199 | The hospital is responsible for documenting, to the satisfaction  
200 | of the association, the exclusion of any birth from the  
201 | computation of the assessment. Upon demonstration of financial  
202 | need by a hospital, the association may provide for installment  
203 | payments of assessments.

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