

1                   A bill to be entitled  
2           An act relating to Citrus County; providing for  
3           codification of special laws relating to the Citrus County  
4           Hospital Board, an independent special district in Citrus  
5           County; providing legislative intent; codifying, amending,  
6           reenacting, and repealing chapters 99-442 and 2001-308,  
7           Laws of Florida, as the "Citrus County Hospital and  
8           Medical Nursing and Convalescent Home Act"; deleting  
9           obsolete provisions; making technical revisions; providing  
10          definitions; authorizing the board to enter into a lease  
11          or contract with a not-for-profit corporation for the  
12          purpose of operating and managing the hospital and its  
13          facilities; providing requirements for such lease or  
14          contract; declaring a need for governance authority to  
15          fulfill the hospital board's public responsibilities;  
16          providing for a board of directors; providing for  
17          membership; requiring that the not-for-profit corporation  
18          conform all governance documents to certain requirements,  
19          if necessary; authorizing ad valorem taxation; requiring  
20          that the not-for-profit corporation separately account for  
21          the expenditure of all ad valorem tax moneys provided by  
22          the hospital board; requiring that the expenditure of all  
23          public tax funds be approved in a public meeting and  
24          maintained in a separate account; providing for the  
25          hospital board's approval or rejection of the not-for-  
26          profit corporation's articles of incorporation or bylaws,  
27          selection of a new chief executive officer or renewal of  
28          his or her employment contract, the annual operating and

CS/HB 1043

2011

29 capital budgets, additional loan indebtedness or leases in  
30 excess of a specified amount, and the not-for-profit  
31 corporation's policies for travel reimbursements and  
32 contract bid procedures; providing that all records of the  
33 not-for-profit corporation are public records unless  
34 exempt; providing that any dispute between the hospital  
35 board and the not-for-profit corporation is subject to  
36 court action; providing for interpretation and  
37 implementation of the act and for court enforcement;  
38 providing application; repealing chapters 99-442 and 2001-  
39 308, Laws of Florida, relating to the Citrus County  
40 Hospital Board; providing severability; providing  
41 construction; providing an effective date.

42  
43 WHEREAS, the Citrus County Hospital Board was created by  
44 the Legislature in 1949 as a special taxing district and a  
45 public nonprofit corporation for the purpose of acquiring,  
46 building, constructing, maintaining, and operating a public  
47 hospital in Citrus County; and, in 1965, the Legislature  
48 expanded the purpose of the hospital board to include operating  
49 public hospitals, medical nursing homes, and convalescent homes  
50 in Citrus County, and

51 WHEREAS, in 1987, the hospital board caused to be  
52 incorporated a not-for-profit management corporation with the  
53 original purpose of operating exclusively for the benefit of and  
54 carrying out the purposes of the Citrus County Hospital Board  
55 and, in 1990, entered into a long-term lease agreement with the  
56 not-for-profit management corporation pursuant to section

CS/HB 1043

2011

57 | 155.40, Florida Statutes, leasing all public assets, operations,  
58 | and management of Citrus Memorial Hospital to the not-for-profit  
59 | management corporation, and

60 |       WHEREAS, at the time the lessee management corporation was  
61 | incorporated, the corporate board consisted of five hospital  
62 | board directors, the hospital CEO, the Chief of the Medical  
63 | Staff, and two private at-large directors selected by the  
64 | hospital board, which provided the hospital board a five-to-four  
65 | majority position on the management corporation's board of  
66 | directors; however, currently, the corporate board consists of  
67 | five hospital board directors, seven private at-large directors  
68 | selected by the corporation, and one medical director, reducing  
69 | the hospital board to a minority position of five of 13  
70 | corporate directors, and

71 |       WHEREAS, members of the hospital board constituted a  
72 | majority of the board of directors of the lessee corporation  
73 | when the hospital board incorporated the not-for-profit  
74 | corporation, but the hospital board's majority has been diluted  
75 | over time through an increase in the number of private, at-large  
76 | directors, and

77 |       WHEREAS, the term of the lease agreement extends for 43  
78 | years, with an unconditional right of renewal provided to the  
79 | lessee management corporation for an additional 45 years,  
80 | providing an effective 88-year lease term, and

81 |       WHEREAS, the lease provisions do not provide for reasonable  
82 | public accountability regarding operative or financial  
83 | performance standards other than requiring the not-for-profit  
84 | management corporation to maintain minimal bond covenants, and

CS/HB 1043

2011

85 | the lease fails to provide for any corporate performance  
86 | standards regarding financial or operative compliance with  
87 | industry standards or for any actionable financial or operative  
88 | performance monitoring by the hospital board, and

89 |       WHEREAS, the Financial Hospital Data 2003-08 compiled by  
90 | the Agency for Health Care Administration (AHCA) reports the  
91 | lessee management corporation has incurred cumulative financial  
92 | operative losses from patient services exceeding \$50 million;  
93 | 2009 AHCA documents reflect corporate losses from patient  
94 | services approaching \$6 million; and internal financial  
95 | statements project 2010 corporate losses from patient services  
96 | in excess of \$10 million, and

97 |       WHEREAS, the AHCA Financial Hospital Data 2003-08 reports  
98 | the lessee corporation consistently underperforms AHCA  
99 | statistically similar hospital group operating margin financial  
100 | benchmarks as well as consistently underperforms the AHCA not-  
101 | for-profit hospital group, and

102 |       WHEREAS, consistent patient service operative losses  
103 | incurred by the lessee corporation from 2004 to 2009 have  
104 | necessitated substantial increases in the ad valorem tax burden  
105 | on the citizens of Citrus County and decreased the management  
106 | corporation's quantitative debt capacity from \$11 million in  
107 | 2004 to negative \$22 million in 2008, and

108 |       WHEREAS, in February 2010, the Auditor General issued a  
109 | report of final findings that is critical of the not-for-profit  
110 | corporation's fiscal management of the leased public hospital  
111 | facilities and its accountability for public funds, noting that  
112 | the lease agreement does not prescribe any specific good

CS/HB 1043

2011

113 business practices to ensure efficient operations of the public  
114 hospital and that Florida Statutes do not authorize the public  
115 hospital board to relinquish to an independent private board  
116 unfettered control over public property, powers, taxing  
117 authority, and money, including expenditures of ad valorem taxes  
118 without public oversight or accountability, and further noting  
119 that the hospital board must exercise sufficient control over  
120 the management corporation for the management corporation to be  
121 considered an instrumentality of a governmental entity and thus  
122 entitled to sovereign immunity, and

123 WHEREAS, the Attorney General opined in 2006 and the Fifth  
124 Judicial Circuit Court in and for Citrus County has held in  
125 2008, limited to a specific case, that the not-for-profit  
126 management corporation is an instrumentality of the hospital  
127 board for purposes of section 768.28, Florida Statutes, and is,  
128 under the circumstances then presented, entitled to sovereign  
129 immunity, and

130 WHEREAS, the not-for-profit corporation has refused to make  
131 available to the hospital board a strategic plan, which it  
132 considered in closed meetings and later discussed in public  
133 forums in violation of Florida's open meetings and public  
134 records laws, and

135 WHEREAS, the not-for-profit corporation had filed a  
136 petition with AHCA for a declaratory statement that would  
137 authorize the corporation to continue its practice of not  
138 separately accounting for its expenditure of low-income pool  
139 funds received from AHCA pursuant to federal and state laws but

CS/HB 1043

2011

140 later withdrew its petition upon being advised that such a  
141 statement would not be issued, and

142 WHEREAS, in October 2010, the Executive Committee of the  
143 Medical Staff of the not-for-profit corporation expressed "no  
144 confidence" in the corporation's chief executive officer and  
145 president by a supermajority vote due to a lack of trust by its  
146 medical staff physicians in the management corporation's CEO,  
147 and

148 WHEREAS, the hospital board has repeatedly expressed  
149 governance, administrative, and financial performance concerns  
150 to the not-for-profit corporation with respect to its  
151 performance of public responsibilities and its management of  
152 public assets on behalf of the hospital board and the taxpayers  
153 of Citrus County, but without success, and

154 WHEREAS, the hospital board has endeavored to resolve  
155 governance, administrative, and financial concerns with the  
156 lessee on an amicable basis but has received no cooperation from  
157 the lessee, and

158 WHEREAS, to ensure the benefits of sovereign immunity  
159 status, meaningful oversight by the hospital board is  
160 necessitated in light of the not-for-profit corporation's  
161 asserted status as an instrumentality of the hospital district,  
162 and

163 WHEREAS, restoration of meaningful hospital board  
164 representation on the board of the lessee management corporation  
165 and implementation of appropriate accountability and oversight  
166 by the hospital board are necessitated by the corporate  
167 deficiencies as found by the Auditor General, the lessee

168 corporation's losses from patient services, increased debt and  
 169 ad valorem tax dependency, consistent financial underperformance  
 170 when compared with the AHCA statistically similar hospital group  
 171 and the AHCA not-for-profit hospital group, and the need to  
 172 further and ensure the asserted sovereign immunity status of the  
 173 not-for-profit corporation as an instrumentality of the hospital  
 174 district, and

175 WHEREAS, the ability of the hospital board to continue to  
 176 act in the public interest on behalf of the taxpayers of Citrus  
 177 County requires mechanisms to ensure adherence to the hospital  
 178 board's public responsibilities and express authority for  
 179 judicial interpretation and enforcement of this act through  
 180 declaratory proceedings and other appropriate judicial remedies,  
 181 and

182 WHEREAS, this act provides an appropriate and effective  
 183 means of addressing the lessee's performance of its  
 184 responsibilities to the public and to the taxpayers of Citrus  
 185 County, NOW, THEREFORE,

186  
 187 Be It Enacted by the Legislature of the State of Florida:

188  
 189 Section 1. This act constitutes the codification of all  
 190 special acts relating to the Citrus County Hospital Board. It is  
 191 the intent of the Legislature in enacting this law to provide a  
 192 single, comprehensive special act charter for the district,  
 193 including all current authority granted to the district by its  
 194 several legislative enactments and any additional authority  
 195 granted by this act.

196           Section 2. Chapters 99-442 and 2001-308, Laws of Florida,  
 197 relating to the Citrus County Hospital Board, are codified,  
 198 reenacted, amended, and repealed as provided in this act.

199           Section 3. The Citrus County Hospital Board is re-created,  
 200 and the charter is re-created and reenacted to read:

201           Section 1. This act may be cited as the "Citrus County  
 202 Hospital and Medical Nursing and Convalescent Home Act."

203           Section 2. As used in this act, the following words and  
 204 terms have the following meanings:

205           (1) "Citrus County Hospital Board," "hospital board," and  
 206 "board" means the Citrus County Hospital Board.

207           (2) "County" means Citrus County.

208           (3) "County hospital and medical nursing and convalescent  
 209 homes" includes hospitals, medical care facilities, clinics, and  
 210 other allied medical care units.

211           (4) "Indigent care" means medically necessary health care  
 212 provided to Citrus County residents who are determined to be  
 213 qualified pursuant to the provisions of the Florida Health Care  
 214 Responsibility Act, section 154.304(9), Florida Statutes, and  
 215 the Florida Health Care Indigency Eligibility Certification  
 216 Standards, Florida Administrative Code, rule 59H-1.0035(30).

217           (5) "Operate" includes build, construct, maintain, repair,  
 218 alter, expand, equip, lease pursuant to and consistent with the  
 219 provisions of this act, finance, and operate.

220           (6) "Property" means real and personal property of every  
 221 nature whatsoever.

222           (7) "State" means the State of Florida.



CS/HB 1043

2011

223 Section 3. (1) There is hereby created the Citrus County  
224 Hospital Board, an independent special district, and by that  
225 name the board may sue and be sued, plead and be impleaded,  
226 contract and be contracted with, acquire and dispose of property  
227 or any interest therein, and have an official seal. The board is  
228 created as a public nonprofit corporation without stock and is  
229 composed of and governed by the five members herein provided  
230 for, to be known as trustees. The hospital board is hereby  
231 constituted and declared to be an agency of the county and  
232 incorporated for the purpose of operating hospitals, medical  
233 nursing homes, and convalescent homes in the county. The  
234 hospital board shall consist of five trustees appointed by the  
235 Governor, and, upon this act becoming a law, the present members  
236 will automatically become trustees and shall constitute the  
237 board. Their respective terms of office shall be the term each  
238 member is presently serving. All subsequent appointments, upon  
239 the expiration of the present terms, shall be for terms of 4  
240 years each. Upon the expiration of the term of each trustee, the  
241 successor shall be appointed by the Governor. Likewise, any  
242 vacancy occurring shall be filled by appointment by the Governor  
243 for the unexpired term. Each appointment by the Governor is  
244 subject to approval and confirmation by the Senate.

245 (2) The trustees of the board shall elect from among its  
246 members a chair, a vice chair, and a secretary-treasurer, who  
247 shall each hold office for a period of 1 year. Each trustee  
248 shall execute a bond in the penal sum of \$5,000 with a good and  
249 sufficient surety of a surety company authorized under the laws  
250 of the state to become surety, payable to the Citrus County

251 Hospital Board, conditioned upon the faithful performance of the  
 252 duties of the trustee, which bonds shall be approved by the  
 253 remaining trustees of the board and shall be filed with the  
 254 Board of County Commissioners of Citrus County. The premiums on  
 255 such bonds shall be paid by the hospital board. Three trustees  
 256 shall constitute a quorum of the hospital board for the purpose  
 257 of conducting its business and exercising its powers and for all  
 258 other purposes. Action may be taken by the board only upon a  
 259 vote in the affirmative of three trustees thereof.

260 (3) The hospital board shall comply with the applicable  
 261 requirements of chapter 280, Florida Statutes, and part IV of  
 262 chapter 218, Florida Statutes.

263 (4) Any and all funds so deposited shall be withdrawn by a  
 264 check or warrant signed by two trustees of the hospital board,  
 265 of which one shall be the chair, vice chair, or secretary-  
 266 treasurer. No check or warrant exceeding the sum of \$25,000  
 267 shall be delivered to the payee without approval thereof shown  
 268 in the minutes of the hospital board meeting.

269 Section 4. The trustees of the board shall receive no  
 270 compensation for their services, but they shall be entitled to  
 271 indemnification from the hospital board for all actions taken in  
 272 good faith or on the basis of legal advice from board counsel,  
 273 in the manner and the extent provided for in a subsequent  
 274 section of this act.

275 Section 5. The Citrus County Hospital Board as hereby  
 276 created shall be for the purpose of operating, in Citrus County,  
 277 public hospitals, medical nursing homes, and convalescent homes,  
 278 primarily and chiefly for the benefit of the citizens and

279 residents of Citrus County. Authority is hereby given to the  
280 board to build, erect, expand, equip, maintain, operate, alter,  
281 change, lease pursuant to and consistent with the provisions of  
282 this act, and repair public hospitals, medical nursing homes,  
283 and convalescent homes in Citrus County. The corporation is  
284 authorized, when rooms and services are available, without  
285 detriment or deprivation to the citizens and residents of Citrus  
286 County, to extend the hospitalization and medical nursing home  
287 and convalescent home services provided by such hospitals,  
288 medical nursing homes, and convalescent homes to patients from  
289 adjoining and other counties of Florida and from other states,  
290 upon the payment of the cost of such hospitalization, medical  
291 nursing home services, and convalescent home services as may be  
292 determined by the trustees of the hospital board. The board  
293 shall have the power and authority to operate an ambulance  
294 system and ambulance services and to charge all patients for all  
295 services rendered in any facility owned or operated by the  
296 hospital board, including the ambulance facility. The board may  
297 charge a patient interest on the patient's account; sell,  
298 discount, or assign such account to a bank, finance company,  
299 collection agency, or other type of collection facility; accept  
300 promissory notes or other types of debt obligations from a  
301 patient; assign or discount such accounts receivable, notes, or  
302 other obligations; require a patient to guarantee the payment of  
303 an existing account or note; require a guarantee of payment  
304 before admitting a patient; and receive and assign any  
305 assignment of all types of insurance proceeds. In addition to

306 all other powers, the board shall have the power and authority  
 307 to:

308 (1) Provide for the payment of indigent care services by  
 309 private health care providers in the county, or to partner with  
 310 other entities such as the Department of Health, in furtherance  
 311 of the hospital board's public purpose and the necessity for the  
 312 preservation of the public health and welfare of the residents  
 313 of the county by the hospital board.

314 (2) Develop and implement a county health plan.

315 Section 6. The board of county commissioners shall levy or  
 316 cause to be levied each year beginning July 1, 1965, the millage  
 317 certified to the board of county commissioners by the trustees  
 318 of the board upon all taxable real and personal property in  
 319 Citrus County, not including, however, homestead property that  
 320 is exempt from general taxation by the Constitution of the State  
 321 of Florida, for the purpose of erecting, building, equipping,  
 322 maintaining, changing, altering, repairing, leasing, and  
 323 operating the public hospital provided for in this act. Such tax  
 324 shall be known as the hospital tax, and the property appraiser  
 325 shall make such assessments and the tax collector shall collect  
 326 such assessments when made. The money collected shall be paid  
 327 monthly to the board. However, the annual tax levied under this  
 328 section may not exceed 3 mills.

329 Section 7. The hospital board is hereby authorized and  
 330 empowered to own and acquire property by purchase, lease, gift,  
 331 grant, or transfer from the county, the state, or the Federal  
 332 Government, or any subdivision or agency thereof, or from any  
 333 municipality, person, partnership, or corporation and to

334 acquire, construct, maintain, operate, expand, alter, repair,  
335 change, lease, finance, and equip hospitals, medical nursing  
336 homes, convalescent homes, medical care facilities, and clinics  
337 in the county.

338 Section 8. The hospital board is authorized and empowered  
339 to enter into contracts with individuals, partnerships,  
340 corporations, municipalities, the county, the state or any  
341 subdivision or agency thereof, or the United States of America  
342 or any subdivision or agency thereof to carry out the purposes  
343 of this act.

344 Section 9. The hospital board is empowered to and shall  
345 adopt all necessary rules, regulations, and bylaws for the  
346 operation of hospitals, medical nursing homes, and convalescent  
347 homes; provide for the admission thereto and treatment of such  
348 charity patients who are citizens of the state and residents of  
349 the county for the preceding 2 years; set the fees and charges  
350 to be made for the admission and treatment therein of all  
351 patients; and establish the qualifications for members of the  
352 medical profession to be entitled to practice therein.

353 Section 10. The hospital board shall have the power to  
354 purchase any and all equipment that may be needed for the  
355 operation of hospitals, medical nursing homes, and convalescent  
356 homes and shall have the power to appoint and hire such agent or  
357 agents, technical experts, attorneys, and all other employees as  
358 are necessary for carrying out the purposes of this act,  
359 including the hiring and maintenance of staff personnel as it  
360 may deem appropriate to assist the board in the discharge of its  
361 operational, financial, and statutory responsibilities, and in

362 carrying out its fiduciary duties to the taxpayers of Citrus  
363 County, and to prescribe their salaries and duties. The board  
364 shall have the power to discharge all employees or agents when  
365 deemed necessary by the board for the carrying out of the  
366 purposes of this act.

367 Section 11. At the end of each fiscal year, the Citrus  
368 County Hospital Board shall within 30 days file with the Clerk  
369 of the Circuit Court of Citrus County a full, complete, and  
370 detailed accounting of the preceding year and at the same time  
371 shall file a certified copy of such financial report with the  
372 Board of County Commissioners of Citrus County, which report  
373 shall be recorded in the minutes of the board of county  
374 commissioners. The board of county commissioners, at its  
375 discretion and at the expense of the county, may publish and  
376 report an accounting in a newspaper of general circulation in  
377 Citrus County.

378 Section 12. In addition to all other implied and express  
379 powers contained in this act, the board shall have the express  
380 authority to negotiate loans to borrow money from any state or  
381 federal agency for the purpose or purposes of constructing,  
382 maintaining, repairing, altering, expanding, equipping, leasing,  
383 and operating county hospitals, medical nursing homes,  
384 convalescent homes, medical care facilities, clinics, and all  
385 other types of allied medical care units.

386 Section 13. (1) In addition to all other implied and  
387 express powers contained in this act, the board shall have the  
388 express authority to borrow money, with or without issuing notes  
389 therefor, for the purpose or purposes of constructing,

390 maintaining, repairing, altering, expanding, equipping, leasing,  
391 and operating county hospitals, medical nursing homes,  
392 convalescent homes, medical care facilities, clinics, and all  
393 other types of allied medical care units. The board's authority  
394 to borrow money, with or without issuing notes, shall be subject  
395 to the conditions of this act applying to the board's right to  
396 issue revenue bonds.

397 (2) The board shall have express authority to issue bonds,  
398 subject to approval at a referendum of the voters of the county,  
399 and to issue revenue bonds, without a referendum of the voters  
400 of the county, the proceeds of which shall be used for erecting,  
401 equipping, building, expanding, altering, changing, maintaining,  
402 operating, leasing, and repairing such hospitals, medical  
403 nursing homes, and convalescent homes. Such bonds, federal or  
404 state hospital loans, notes, or revenue bonds shall mature  
405 within 30 years after the year in which they are issued or made  
406 and shall be payable in such years and amounts as shall be  
407 approved by the board.

408 (3) The board shall determine the form of the loans,  
409 notes, bonds, and revenue bonds, including any interest coupons  
410 to be attached thereto, and the manner of executing them, and  
411 shall fix the denomination or denominations thereof and the  
412 place or places of payment of principal and interest, which may  
413 be at any bank or trust company within or without the state. In  
414 case a trustee whose signature or a facsimile of whose signature  
415 appears on any loan, note, bond, or revenue certificate or  
416 coupon ceases to be such trustee before the delivery thereof,  
417 such signature or facsimile shall nevertheless be valid and

418 sufficient for all purposes the same as if the trustee had  
419 remained in office until such delivery. All loan agreements,  
420 notes, bonds, and revenue bonds issued hereunder shall have and  
421 are hereby declared to have all the qualities and incidents of  
422 negotiable instruments under the negotiable instruments law of  
423 the state.

424 (4) Whenever the board passes a resolution approving the  
425 issuance of such bonds, the board shall call for an election  
426 and, subject to such election, permit the repayment of the bonds  
427 out of an annual levy not to exceed 1.5 mills per year. Such  
428 millage is included in the maximum millage of 3 mills per year.  
429 Subject to such limitations, such bonds shall be payable from  
430 the full faith and credit of the board.

431 (5) The loans, notes, and revenue bonds, together with the  
432 interest, shall be payable from gross or net receipts of the  
433 hospital board or any portion thereof.

434 (6) Such loans, notes, bonds, or revenue bonds shall not  
435 bear interest in excess of the maximum rate permitted by the  
436 laws of the state.

437 (7) The board may sell bonds, loans, notes, or revenue  
438 bonds in such manner, either at public or private sale, and for  
439 such price as it may determine to be for the best interest of  
440 the hospital board.

441 Section 14. The total amount of outstanding bonds of the  
442 hospital payable from ad valorem taxation at any one time shall  
443 not exceed an amount equal to 6 times the annual hospital tax,  
444 assuming such tax is based upon the yearly millage of 3 mills.



445       Section 15. (1) The Citrus County Hospital Board shall  
446 have the authority to enter into leases or contracts with a not-  
447 for-profit Florida corporation for the purpose of operating and  
448 managing the hospital and any or all of its facilities of any  
449 kind and nature.

450       (2) The Citrus County Hospital Board shall have the power  
451 and authority to:

452       (a) Provide health care services to residents of the  
453 county through the use of health care facilities not owned and  
454 operated by the hospital board. The provision of such care is  
455 hereby found and declared to be a public purpose and necessary  
456 for the preservation of the public health and welfare of the  
457 residents of the county.

458       (b) Maintain an office and all necessary staff at such  
459 place or places as it may designate.

460       (c) Employ administrators, physicians, attorneys,  
461 accountants, financial experts, consulting engineers,  
462 architects, surveyors, and such other employees and agents as  
463 may be necessary in its judgment and to fix their compensation,  
464 regardless of any lease to the not-for-profit corporation.

465       (d) Acquire existing health care facilities and reimburse  
466 any health care facility for the cost of such facilities in  
467 accordance with an agreement between the hospital board and the  
468 health care facility.

469       (e) Acquire existing health care facilities and refund,  
470 refinance, or satisfy outstanding obligations, mortgages, or  
471 advances issued, made, or given by such health care facility.

472 (f) Mortgage any health care facility and the site  
 473 thereof.

474 (g) Cooperate or contract with other governmental agencies  
 475 or private individuals or entities as may be necessary,  
 476 convenient, incidental, or proper in connection with any of the  
 477 powers, duties, or purposes authorized by this act.

478 (h) Provide for reimbursement to hospitals, physicians, or  
 479 other health care providers or facilities, whether public or  
 480 private, and pay private physicians for indigent care.

481 (i) Establish criteria for the provision of health care  
 482 pursuant to this act.

483 (3) The hospital board is hereby restricted from  
 484 reimbursing any health care providers or facilities, including  
 485 hospitals and physicians, for their bad debts arising from those  
 486 patients who are not eligible for reimbursement under hospital  
 487 board guidelines. The hospital board, however, shall continue to  
 488 reimburse such health care providers for the medical care of  
 489 medically needy patients, to the extent of the hospital board's  
 490 limited financial resources, taking into account funds available  
 491 from other sources, including other governmental funding  
 492 sources.

493 Section 16. (1) The hospital board shall have the power  
 494 to indemnify any person who was or is a party, or is threatened  
 495 to be made a party, to any threatened, pending, or completed  
 496 action, suit, or proceeding, whether civil, criminal,  
 497 administrative, or investigative (other than an action by, or in  
 498 the right of, the hospital board) by reason of the fact that he  
 499 or she is or was an agent of the hospital board, against

500 expenses (including attorney's fees), judgments, fines, and  
 501 amounts paid in settlement actually and reasonably incurred by  
 502 him or her in connection with such action, suit, or proceeding,  
 503 including any appeal thereof, if he or she acted in good faith  
 504 and in a manner he or she reasonably believed to be in, or not  
 505 opposed to, the best interests of the hospital board and, with  
 506 respect to any criminal action or proceeding, had no reasonable  
 507 cause to believe this conduct was unlawful.

508 (2) The hospital board shall also have the power to  
 509 indemnify any such person against any loss of wages or earnings  
 510 suffered during his or her defense, provided that, in the  
 511 opinion of the trustees of the hospital board, those losses were  
 512 directly attributable to that defense.

513 (3) The termination of any action, suit, or proceeding by  
 514 judgment, order, settlement, or conviction or upon a plea of  
 515 nolo contendere or its equivalent shall not, of itself, create a  
 516 presumption that the person did not act in good faith and in a  
 517 manner which he or she reasonably believed to be in, or not  
 518 opposed to, the best interests of the hospital board or, with  
 519 respect to any criminal action or proceeding, had reasonable  
 520 cause to believe that his or her conduct was unlawful.

521 (4) No indemnification under this section shall be made in  
 522 respect of any claim, issue, or matter as to which such person  
 523 shall have been adjudged to be liable for negligence or  
 524 misconduct in the performance of his or her duty to the hospital  
 525 board unless, and only to the extent that, the court in which  
 526 such action or suit was brought determines upon application  
 527 that, despite the adjudication of liability but in view of all

528 circumstances of the case, such person is fairly and reasonably  
 529 entitled to indemnification for such expenses that such court  
 530 shall deem proper.

531 (5) If an individual has been determined by the hospital  
 532 board to be an agent entitled to compensation under these  
 533 indemnity provisions and to the extent that such agent of the  
 534 hospital board has been successful on the merits or otherwise in  
 535 defense of any action, suit, or proceeding referred to in the  
 536 subsections above or in defense of any claim, issue, or matter  
 537 therein, he or she shall be indemnified against expenses  
 538 (including attorney's fees) actually and reasonably incurred by  
 539 him or her in connection therewith. Any such successful agent  
 540 shall also be indemnified against any loss of wages or personal  
 541 service earnings suffered during his or her defense, provided  
 542 that, by the vote of the hospital board acting through a quorum  
 543 consisting of members who are not parties to such action, suit,  
 544 or proceeding, it is determined that those losses were directly  
 545 attributable to the time involved in that defense. If, however,  
 546 a quorum of disinterested members cannot be convened, the  
 547 decision shall be made by independent legal counsel, who may be  
 548 the legal counsel for the hospital board or may be selected by  
 549 legal counsel for the hospital board.

550 (6) As used in this section, the term "agent of the  
 551 hospital board" means a hospital board member; hospital board  
 552 officer; committee member appointed by the hospital board; or  
 553 hospital board employee, including persons employed by the  
 554 hospital board to provide executive, physician, nursing, dental,  
 555 paramedical, technical, business, management, legal, and other

556 supporting services for the hospital board, together with such  
557 other approved agents of the hospital board as well as such  
558 other legal entities or individuals as the hospital board may  
559 determine by board resolution are carrying out the health care  
560 purposes and mandates of the hospital board during the period  
561 those entities or individuals are acting within the scope of the  
562 authority and duties devolving upon them through an agreement  
563 with or direct mandate from the hospital board, excluding  
564 medical malpractice claims asserted individually against such  
565 persons, but including a person serving at the direction of the  
566 hospital board. All such agents of the hospital board, in order  
567 to be entitled to indemnification for the liability arising out  
568 of the act in question, shall have been acting within the scope  
569 of their employment on hospital board-related business.

570 (7) Unless otherwise determined by a court as provided in  
571 this section, any indemnification under this section shall be  
572 made by the hospital board only as authorized in the specific  
573 case upon a determination of a quorum of hospital board members  
574 who are not parties to such action, suit, or proceeding or, if  
575 that is not possible, by independent legal counsel, who may be  
576 the legal counsel of the hospital board, that indemnification of  
577 the agent of the hospital board is proper in the circumstances  
578 because he or she has met the applicable standard of conduct set  
579 forth in this section.

580 (8) Expenses (including attorney's fees) and lost wages or  
581 earnings incurred in defending a civil or criminal action, suit,  
582 or proceeding may be paid by the hospital board in advance of  
583 the final disposition of such action, suit, or proceeding upon a

584 preliminary determination following one of the procedures set  
585 forth in this section that the agent of the hospital board met  
586 the applicable standard of conduct set forth in the above  
587 subsections, and upon receipt of an undertaking by or on behalf  
588 of the agent of the hospital board to repay such amount unless  
589 it is ultimately determined that he or she is entitled to be  
590 indemnified by the hospital board as authorized in this section.

591 (9) Indemnification as provided in this section shall  
592 continue as to a person who has ceased to be an agent of the  
593 hospital board and shall inure to the benefit of the heirs,  
594 executors, and administrators of such a person.

595 Section 17. To ensure public oversight, accountability,  
596 and public benefit from the not-for-profit corporation to which  
597 the hospital board has leased hospital facilities, and in  
598 addition to the requirements for any such lease set forth in  
599 section 155.40, Florida Statutes:

600 (1) All members of the hospital board and the board of the  
601 not-for-profit corporation shall be residents of Citrus County.

602 (2) The not-for-profit corporation shall separately  
603 account for the expenditure of all ad valorem tax moneys  
604 provided to it by the Citrus County Hospital Board, including  
605 maintaining them in a separate accounting fund. The expenditure  
606 for all such public tax funds shall be approved in a public  
607 meeting and separately accounted for annually by the not-for-  
608 profit corporation in a report provided to the Citrus County  
609 Hospital Board.

610 (3) The articles of incorporation, all amendments or  
611 restatements of the articles of incorporation, all corporate

612 bylaws, all amendments or restatements of the corporate bylaws,  
613 and all other governing documents of the not-for-profit  
614 corporation shall be subject to the approval of the hospital  
615 board, and any such documents that have not heretofore been  
616 approved by the hospital board shall be submitted forthwith to  
617 the hospital board for approval.

618 (4) The hospital board shall be the sole member of the  
619 not-for-profit corporation.

620 (5) The hospital board shall independently approve any  
621 plan of merger or dissolution of the not-for-profit corporation  
622 pursuant to sections 617.1103 and 617.1402, Florida Statutes,  
623 and may reject any such plan in its sole discretion.

624 (6) The members of the hospital board shall be voting  
625 directors of the not-for-profit board of directors who  
626 constitute a majority of the voting directors of the not-for-  
627 profit corporation; and, to the extent that any governance  
628 documents of the not-for-profit corporation do not so presently  
629 provide, the not-for-profit corporation shall forthwith take all  
630 steps necessary to bring them into conformity with this majority  
631 membership requirement.

632 (7) All members of the not-for-profit board of directors  
633 shall be subject to approval by the hospital board, and any  
634 board members presently serving who have not heretofore been  
635 approved by the hospital board shall be submitted forthwith to  
636 the hospital board for approval.

637 (8) The chief executive officer of the not-for-profit  
638 corporation and his or her term of office and any extensions  
639 thereof shall be approved by the hospital board, and the

640 hospital board may terminate the term of the chief executive  
641 officer of the not-for-profit corporation with or without cause  
642 in its sole discretion, subject to the terms of any and all  
643 then-existing contracts.

644 (9) The hospital board shall approve all borrowing of  
645 money by the not-for-profit corporation in any form and for any  
646 reason in an amount exceeding \$100,000, any additional loan  
647 indebtedness or leases in excess of \$1.25 million per instrument  
648 or contract, and all policies of the not-for-profit corporation  
649 that govern travel reimbursements and contract bid procedures.

650 (10) No annual operating and capital budget of the not-  
651 for-profit corporation shall become effective until approved by  
652 the hospital board.

653 (11) Any capital project of the not-for-profit corporation  
654 having a value in excess of \$250,000 per project, and any  
655 nonbudgeted operative expenditure in excess of \$125,000 in the  
656 per annum aggregate, shall be approved by the hospital board.

657 (12) At the discretion of the hospital board, each and  
658 every year the not-for-profit corporation shall complete an  
659 independent audit of the fiscal management of the hospital by an  
660 auditor chosen by the hospital board, with the audit to be paid  
661 for by the not-for-profit corporation.

662 (13) All records of the not-for-profit corporation shall  
663 be public records unless exempt by law; however, the hospital  
664 board, pursuant to its oversight and auditing functions, must be  
665 given full and complete access to all proprietary confidential  
666 business information upon request and without subpoena and must  
667 maintain the confidentiality of information so received. As used



668 in this subsection, the term "proprietary confidential business  
 669 information" means information, regardless of its form or  
 670 characteristics, that is owned or controlled by the not-for-  
 671 profit corporation or its subsidiaries, including, but not  
 672 limited to, all matters encompassed in privileged attorney-  
 673 client communications and strategic planning.

674 (14) Subject to the annual approved budget, the hospital  
 675 board shall reimburse the not-for-profit corporation for  
 676 indigent care pursuant to the Florida Health Care Responsibility  
 677 Act and the Florida Indigent Certification Standards and shall  
 678 take into account funds available from other sources, including  
 679 other governmental funding sources.

680 (15) The provisions in this act and the hospital board's  
 681 lease with the not-for-profit corporation shall be construed and  
 682 interpreted as furthering the public health and welfare and the  
 683 open government requirements of s. 24, Art. I of the State  
 684 Constitution and sections 119.01 and 286.011, Florida Statutes.

685 (16) Any dispute between the hospital board and the not-  
 686 for-profit corporation shall be subject to any court action  
 687 pursuant to sections 164.101-164.1065, Florida Statutes, and the  
 688 provisions of this act may be enforced by a court of competent  
 689 jurisdiction in declaratory proceedings under chapter 86,  
 690 Florida Statutes, by injunction, or by any other appropriate  
 691 form of judicial relief.

692 (17) Failure of the not-for-profit corporation to comply  
 693 with any or all of the oversight and accountability provisions  
 694 in this section shall not constitute a breach or a termination  
 695 of the lease agreement between the not-for-profit corporation

696 and the hospital board but shall provide cause for the hospital  
 697 board, in its discretion, to seek judicial relief in any form  
 698 that is authorized by law and appropriate to rectify the  
 699 noncompliant act or omission.

700 Section 4. Section 17 of the Citrus County Hospital and  
 701 Medical Nursing and Convalescent Home Act applies to existing  
 702 and future leases and amendments, revisions, and restatements  
 703 thereto, and to existing and future agreements for hospital care  
 704 and amendments, revisions, and restatements thereto. However,  
 705 the Citrus County Hospital and Medical Nursing and Convalescent  
 706 Home Act does not apply to the term of any existing contract  
 707 entered into by the not-for-profit corporation with a third  
 708 party, to any existing contract for the borrowing of money in  
 709 excess of \$100,000, to any additional loan indebtedness or  
 710 leases in excess of \$1.25 million for which the hospital board  
 711 has not previously given its approval, or to any existing  
 712 contract for a capital project in excess of \$250,000 per  
 713 project, and any nonbudgeted operative expenditure in excess of  
 714 \$125,000 in the per annum aggregate, for which the hospital  
 715 board has not previously given its approval.

716 Section 5. Chapters 99-442 and 2001-308, Laws of Florida,  
 717 are repealed.

718 Section 6. If any provision of this act or its application  
 719 to any person or circumstance is held invalid or  
 720 unconstitutional by a court of competent jurisdiction, the  
 721 invalidity shall not affect other provisions or applications of  
 722 the act which can be given effect without the invalid provision

CS/HB 1043

2011

723 or application, and to this end the provisions of this act are  
724 severable.

725 Section 7. This act shall be construed as a remedial act  
726 and shall be liberally construed to promote the purpose for  
727 which it is intended.

728 Section 8. This act shall take effect July 1, 2011.