

By Senator Dean

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

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30 renewal of his or her employment contract, the annual  
31 operating and capital budgets, additional loan  
32 indebtedness or leases in excess of a specified  
33 amount, and the not-for-profit corporation's policies  
34 for travel reimbursements and contract bid procedures;  
35 providing that all records of the not-for-profit  
36 corporation are public records unless exempt;  
37 providing that any dispute between the hospital board  
38 and the not-for-profit corporation is subject to court  
39 action; providing for interpretation and  
40 implementation of the act and for court enforcement;  
41 providing application; repealing chapters 99-442 and  
42 2001-308, Laws of Florida, relating to the Citrus  
43 County Hospital Board; providing severability;  
44 providing construction; providing an effective date.

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

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

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59 not-for-profit management corporation pursuant to section  
60 155.40, Florida Statutes, leasing all public assets, operations,  
61 and management of Citrus Memorial Hospital to the not-for-profit  
62 management corporation, and

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

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

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

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

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88 the lease fails to provide for any corporate performance  
89 standards regarding financial or operative compliance with  
90 industry standards or for any actionable financial or operative  
91 performance monitoring by the hospital board, and

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

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

105 WHEREAS, consistent patient service operative losses  
106 incurred by the lessee corporation from 2004 to 2009 have  
107 necessitated substantial increases in the ad valorem tax burden  
108 on the citizens of Citrus County and decreased the management  
109 corporation's quantitative debt capacity from \$11 million in  
110 2004 to negative \$22 million in 2008, and

111 WHEREAS, in February 2010, the Auditor General issued a  
112 report of final findings that is critical of the not-for-profit  
113 corporation's fiscal management of the leased public hospital  
114 facilities and its accountability for public funds, noting that  
115 the lease agreement does not prescribe any specific good  
116 business practices to ensure efficient operations of the public

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

126 WHEREAS, the Attorney General opined in 2006 and the Fifth  
127 Judicial Circuit Court in and for Citrus County has held in  
128 2008, limited to a specific case, that the not-for-profit  
129 management corporation is an instrumentality of the hospital  
130 board for purposes of section 768.28, Florida Statutes, and is,  
131 under the circumstances then presented, entitled to sovereign  
132 immunity, although in November 2010 the board asked the Attorney  
133 General to revisit its opinion on sovereign immunity in light of  
134 conduct (or lack thereof) by the lessee corporation that appears  
135 to have jeopardized a public asset, and

136 WHEREAS, the not-for-profit corporation has refused to make  
137 available to the hospital board a strategic plan, which it  
138 considered in closed meetings and later discussed in public  
139 forums in violation of Florida's open meetings and public  
140 records laws, and

141 WHEREAS, the not-for-profit corporation had filed a  
142 petition with AHCA for a declaratory statement that would  
143 authorize the corporation to continue its practice of not  
144 separately accounting for its expenditure of low-income pool  
145 funds received from AHCA pursuant to federal and state laws but

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

148 WHEREAS, in October 2010, the Executive Committee of the  
149 Medical Staff of the not-for-profit corporation expressed "no  
150 confidence" in the corporation's chief executive officer and  
151 president by a supermajority vote due to a lack of trust by its  
152 medical staff physicians in the management corporation's CEO,  
153 and

154 WHEREAS, the hospital board has repeatedly expressed  
155 governance, administrative, and financial performance concerns  
156 to the not-for-profit corporation with respect to its  
157 performance of public responsibilities and its management of  
158 public assets on behalf of the hospital board and the taxpayers  
159 of Citrus County, but without success, and

160 WHEREAS, the hospital board has endeavored to resolve  
161 governance, administrative, and financial concerns with the  
162 lessee on an amicable basis but has received no cooperation from  
163 the lessee, and

164 WHEREAS, to ensure the benefits of sovereign immunity  
165 status, meaningful oversight by the hospital board is  
166 necessitated in light of the not-for-profit corporation's  
167 asserted status as an instrumentality of the hospital district,  
168 and

169 WHEREAS, restoration of meaningful hospital board  
170 representation on the board of the lessee management corporation  
171 and implementation of appropriate accountability and oversight  
172 by the hospital board are necessitated by the corporate  
173 deficiencies as found by the Auditor General, the lessee  
174 corporation's losses from patient services, increased debt and

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175 ad valorem tax dependency, consistent financial underperformance  
176 when compared with the AHCA statistically similar hospital group  
177 and the AHCA not-for-profit hospital group, and the need to  
178 further and ensure the asserted sovereign immunity status of the  
179 not-for-profit corporation as an instrumentality of the hospital  
180 district, and

181 WHEREAS, the ability of the hospital board to continue to  
182 act in the public interest on behalf of the taxpayers of Citrus  
183 County requires mechanisms to ensure adherence to the hospital  
184 board's public responsibilities and express authority for  
185 judicial interpretation and enforcement of this act through  
186 declaratory proceedings and other appropriate judicial remedies,  
187 and

188 WHEREAS, this act provides an appropriate and effective  
189 means of addressing the lessee's performance of its  
190 responsibilities to the public and to the taxpayers of Citrus  
191 County, NOW, THEREFORE,

192

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

194

195 Section 1. This act constitutes the codification of all  
196 special acts relating to the Citrus County Hospital Board. It is  
197 the intent of the Legislature in enacting this law to provide a  
198 single, comprehensive special act charter for the district,  
199 including all current authority granted to the district by its  
200 several legislative enactments and any additional authority  
201 granted by this act.

202 Section 2. Chapters 99-442 and 2001-308, Laws of Florida,  
203 relating to the Citrus County Hospital Board, are codified,

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204 reenacted, amended, and repealed as provided in this act.

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

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

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

211 (1) "Citrus County Hospital Board," "hospital board," and  
212 "board" means the Citrus County Hospital Board.

213 (2) "County" means Citrus County.

214 (3) "County hospital and medical nursing and convalescent  
215 homes" includes hospitals, medical care facilities, clinics, and  
216 other allied medical care units.

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

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

226 (6) "Property" means real and personal property of every  
227 nature whatsoever.

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

229 Section 3. (1) There is hereby created the Citrus County  
230 Hospital Board, an independent special district, and by that  
231 name the board may sue and be sued, plead and be impleaded,  
232 contract and be contracted with, acquire and dispose of property



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233 or any interest therein, and have an official seal. The board is  
234 created as a public nonprofit corporation without stock and is  
235 composed of and governed by the five members herein provided  
236 for, to be known as trustees. The hospital board is hereby  
237 constituted and declared to be an agency of the county and  
238 incorporated for the purpose of operating hospitals, medical  
239 nursing homes, and convalescent homes in the county. The  
240 hospital board shall consist of five trustees appointed by the  
241 Governor, and, upon this act becoming a law, the present members  
242 will automatically become trustees and shall constitute the  
243 board. Their respective terms of office shall be the term each  
244 member is presently serving. All subsequent appointments, upon  
245 the expiration of the present terms, shall be for terms of 4  
246 years each. Upon the expiration of the term of each trustee, the  
247 successor shall be appointed by the Governor. Likewise, any  
248 vacancy occurring shall be filled by appointment by the Governor  
249 for the unexpired term. Each appointment by the Governor is  
250 subject to approval and confirmation by the Senate.

251 (2) The trustees of the board shall elect from among its  
252 members a chair, a vice chair, and a secretary-treasurer, who  
253 shall each hold office for a period of 1 year. Each trustee  
254 shall execute a bond in the penal sum of \$5,000 with a good and  
255 sufficient surety of a surety company authorized under the laws  
256 of the state to become surety, payable to the Citrus County  
257 Hospital Board, conditioned upon the faithful performance of the  
258 duties of the trustee, which bonds shall be approved by the  
259 remaining trustees of the board and shall be filed with the  
260 Board of County Commissioners of Citrus County. The premiums on  
261 such bonds shall be paid by the hospital board. Three trustees

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262 shall constitute a quorum of the hospital board for the purpose  
263 of conducting its business and exercising its powers and for all  
264 other purposes. Action may be taken by the board only upon a  
265 vote in the affirmative of three trustees thereof.

266 (3) The hospital board shall comply with the applicable  
267 requirements of chapter 280, Florida Statutes, and part IV of  
268 chapter 218, Florida Statutes.

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

275 Section 4. The trustees of the board shall receive no  
276 compensation for their services, but they shall be entitled to  
277 indemnification from the hospital board for all actions taken in  
278 good faith or on the basis of legal advice from board counsel,  
279 in the manner and the extent provided for in a subsequent  
280 section of this act.

281 Section 5. The Citrus County Hospital Board as hereby  
282 created shall be for the purpose of operating, in Citrus County,  
283 public hospitals, medical nursing homes, and convalescent homes,  
284 primarily and chiefly for the benefit of the citizens and  
285 residents of Citrus County. Authority is hereby given to the  
286 board to build, erect, expand, equip, maintain, operate, alter,  
287 change, lease pursuant to and consistent with the provisions of  
288 this act, and repair public hospitals, medical nursing homes,  
289 and convalescent homes in Citrus County. The corporation is  
290 authorized, when rooms and services are available, without

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291 detriment or deprivation to the citizens and residents of Citrus  
292 County, to extend the hospitalization and medical nursing home  
293 and convalescent home services provided by such hospitals,  
294 medical nursing homes, and convalescent homes to patients from  
295 adjoining and other counties of Florida and from other states,  
296 upon the payment of the cost of such hospitalization, medical  
297 nursing home services, and convalescent home services as may be  
298 determined by the trustees of the hospital board. The board  
299 shall have the power and authority to operate an ambulance  
300 system and ambulance services and to charge all patients for all  
301 services rendered in any facility owned or operated by the  
302 hospital board, including the ambulance facility. The board may  
303 charge a patient interest on the patient's account; sell,  
304 discount, or assign such account to a bank, finance company,  
305 collection agency, or other type of collection facility; accept  
306 promissory notes or other types of debt obligations from a  
307 patient; assign or discount such accounts receivable, notes, or  
308 other obligations; require a patient to guarantee the payment of  
309 an existing account or note; require a guarantee of payment  
310 before admitting a patient; and receive and assign any  
311 assignment of all types of insurance proceeds. In addition to  
312 all other powers, the board shall have the power and authority  
313 to:

314 (1) Provide for the payment of indigent care services by  
315 private health care providers in the county, or to partner with  
316 other entities such as the Department of Health, in furtherance  
317 of the nonprofit corporation's public purpose and the necessity  
318 for the preservation of the public health and welfare of the  
319 residents of the county.

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

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

335 Section 7. The hospital board is hereby authorized and  
336 empowered to own and acquire property by purchase, lease, gift,  
337 grant, or transfer from the county, the state, or the Federal  
338 Government, or any subdivision or agency thereof, or from any  
339 municipality, person, partnership, or corporation and to  
340 acquire, construct, maintain, operate, expand, alter, repair,  
341 change, lease, finance, and equip hospitals, medical nursing  
342 homes, convalescent homes, medical care facilities, and clinics  
343 in the county.

344 Section 8. The hospital board is authorized and empowered  
345 to enter into contracts with individuals, partnerships,  
346 corporations, municipalities, the county, the state or any  
347 subdivision or agency thereof, or the United States of America  
348 or any subdivision or agency thereof to carry out the purposes

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349 of this act.

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

359 Section 10. The hospital board shall have the power to  
360 purchase any and all equipment that may be needed for the  
361 operation of hospitals, medical nursing homes, and convalescent  
362 homes and shall have the power to appoint and hire such agent or  
363 agents, technical experts, attorneys, and all other employees as  
364 are necessary for carrying out the purposes of this act,  
365 including the hiring and maintenance of staff personnel as it  
366 may deem appropriate to assist the board in the discharge of its  
367 operational, financial, and statutory responsibilities, and in  
368 carrying out its fiduciary duties to the taxpayers of Citrus  
369 County, and to prescribe their salaries and duties. The board  
370 shall have the power to discharge all employees or agents when  
371 deemed necessary by the board for the carrying out of the  
372 purposes of this act.

373 Section 11. At the end of each fiscal year, the Citrus  
374 County Hospital Board shall within 30 days file with the Clerk  
375 of the Circuit Court of Citrus County a full, complete, and  
376 detailed accounting of the preceding year and at the same time  
377 shall file a certified copy of such financial report with the

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378 Board of County Commissioners of Citrus County, which report  
379 shall be recorded in the minutes of the board of county  
380 commissioners. The board of county commissioners, at its  
381 discretion and at the expense of the county, may publish and  
382 report an accounting in a newspaper of general circulation in  
383 Citrus County.

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

392 Section 13. (1) In addition to all other implied and  
393 express powers contained in this act, the board shall have the  
394 express authority to borrow money, with or without issuing notes  
395 therefor, for the purpose or purposes of constructing,  
396 maintaining, repairing, altering, expanding, equipping, leasing,  
397 and operating county hospitals, medical nursing homes,  
398 convalescent homes, medical care facilities, clinics, and all  
399 other types of allied medical care units. The board's authority  
400 to borrow money, with or without issuing notes, shall be subject  
401 to the conditions of this act applying to the board's right to  
402 issue revenue bonds.

403 (2) The board shall have express authority to issue bonds,  
404 subject to approval at a referendum of the voters of the county,  
405 and to issue revenue bonds, without a referendum of the voters  
406 of the county, the proceeds of which shall be used for erecting,

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407 equipping, building, expanding, altering, changing, maintaining,  
408 operating, leasing, and repairing such hospitals, medical  
409 nursing homes, and convalescent homes. Such bonds, federal or  
410 state hospital loans, notes, or revenue bonds shall mature  
411 within 30 years after the year in which they are issued or made  
412 and shall be payable in such years and amounts as shall be  
413 approved by the board.

414 (3) The board shall determine the form of the loans, notes,  
415 bonds, and revenue bonds, including any interest coupons to be  
416 attached thereto, and the manner of executing them, and shall  
417 fix the denomination or denominations thereof and the place or  
418 places of payment of principal and interest, which may be at any  
419 bank or trust company within or without the state. In case a  
420 trustee whose signature or a facsimile of whose signature  
421 appears on any loan, note, bond, or revenue certificate or  
422 coupon ceases to be such trustee before the delivery thereof,  
423 such signature or facsimile shall nevertheless be valid and  
424 sufficient for all purposes the same as if the trustee had  
425 remained in office until such delivery. All loan agreements,  
426 notes, bonds, and revenue bonds issued hereunder shall have and  
427 are hereby declared to have all the qualities and incidents of  
428 negotiable instruments under the negotiable instruments law of  
429 the state.

430 (4) Whenever the board passes a resolution approving the  
431 issuance of such bonds, the board shall call for an election  
432 and, subject to such election, permit the repayment of the bonds  
433 out of an annual levy not to exceed 1.5 mills per year. Such  
434 millage is included in the maximum millage of 3 mills per year.  
435 Subject to such limitations, such bonds shall be payable from

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436 the full faith and credit of the board.

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

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

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

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

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

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

458 (a) Provide health care services to residents of the county  
459 through the use of health care facilities not owned and operated  
460 by the hospital board. The provision of such care is hereby  
461 found and declared to be a public purpose and necessary for the  
462 preservation of the public health and welfare of the residents  
463 of the county.

464 (b) Maintain an office and all necessary staff at such



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465 place or places as it may designate.

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

471 (d) Acquire existing health care facilities and reimburse  
472 any health care facility for the cost of such facilities in  
473 accordance with an agreement between the hospital board and the  
474 health care facility.

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

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

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

483 (h) Provide for reimbursement to hospitals, physicians, or  
484 other health care providers or facilities, whether public or  
485 private, and pay private physicians for indigent care.

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

488 (3) The hospital board is hereby restricted from  
489 reimbursing any health care providers or facilities, including  
490 hospitals and physicians, for their bad debts arising from those  
491 patients who are not eligible for reimbursement under hospital  
492 board guidelines. The hospital board, however, shall continue to  
493 reimburse such health care providers for the medical care of

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494 medically needy patients, to the extent of the hospital board's  
495 limited financial resources, taking into account funds available  
496 from other sources, including other governmental funding  
497 sources.

498 Section 16. (1) The hospital board shall have the power to  
499 indemnify any person who was or is a party, or is threatened to  
500 be made a party, to any threatened, pending, or completed  
501 action, suit, or proceeding, whether civil, criminal,  
502 administrative, or investigative (other than an action by, or in  
503 the right of, the hospital board) by reason of the fact that he  
504 or she is or was an agent of the hospital board, against  
505 expenses (including attorney's fees), judgments, fines, and  
506 amounts paid in settlement actually and reasonably incurred by  
507 him or her in connection with such action, suit, or proceeding,  
508 including any appeal thereof, if he or she acted in good faith  
509 and in a manner he or she reasonably believed to be in, or not  
510 opposed to, the best interests of the hospital board and, with  
511 respect to any criminal action or proceeding, had no reasonable  
512 cause to believe this conduct was unlawful.

513 (2) The hospital board shall also have the power to  
514 indemnify any such person against any loss of wages or earnings  
515 suffered during his or her defense, provided that, in the  
516 opinion of the trustees of the hospital board, those losses were  
517 directly attributable to that defense.

518 (3) The termination of any action, suit, or proceeding by  
519 judgment, order, settlement, or conviction or upon a plea of  
520 nolo contendere or its equivalent shall not, of itself, create a  
521 presumption that the person did not act in good faith and in a  
522 manner which he or she reasonably believed to be in, or not

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523 opposed to, the best interests of the hospital board or, with  
524 respect to any criminal action or proceeding, had reasonable  
525 cause to believe that his or her conduct was unlawful.

526 (4) No indemnification under this section shall be made in  
527 respect of any claim, issue, or matter as to which such person  
528 shall have been adjudged to be liable for negligence or  
529 misconduct in the performance of his or her duty to the hospital  
530 board unless, and only to the extent that, the court in which  
531 such action or suit was brought determines upon application  
532 that, despite the adjudication of liability but in view of all  
533 circumstances of the case, such person is fairly and reasonably  
534 entitled to indemnification for such expenses that such court  
535 shall deem proper.

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

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552 decision shall be made by independent legal counsel, who may be  
553 the legal counsel for the hospital board or may be selected by  
554 legal counsel for the hospital board.

555 (6) As used in this section, the term "agent of the  
556 hospital board" means a hospital board member; hospital board  
557 officer; committee member appointed by the hospital board; or  
558 hospital board employee, including persons employed by the  
559 hospital board to provide executive, physician, nursing, dental,  
560 paramedical, technical, business, management, legal, and other  
561 supporting services for the hospital board, together with such  
562 other approved agents of the hospital board as well as such  
563 other legal entities or individuals as the hospital board may  
564 determine by board resolution are carrying out the health care  
565 purposes and mandates of the hospital board during the period  
566 those entities or individuals are acting within the scope of the  
567 authority and duties devolving upon them through an agreement  
568 with or direct mandate from the hospital board, excluding  
569 medical malpractice claims asserted individually against such  
570 persons, but including a person serving at the direction of the  
571 hospital board. All such agents of the hospital board, in order  
572 to be entitled to indemnification for the liability arising out  
573 of the act in question, shall have been acting within the scope  
574 of their employment on hospital board-related business.

575 (7) Unless otherwise determined by a court as provided in  
576 this section, any indemnification under this section shall be  
577 made by the hospital board only as authorized in the specific  
578 case upon a determination of a quorum of hospital board members  
579 who are not parties to such action, suit, or proceeding or, if  
580 that is not possible, by independent legal counsel, who may be

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581 the legal counsel of the hospital board, that indemnification of  
582 the agent of the hospital board is proper in the circumstances  
583 because he or she has met the applicable standard of conduct set  
584 forth in this section.

585 (8) Expenses (including attorney's fees) and lost wages or  
586 earnings incurred in defending a civil or criminal action, suit,  
587 or proceeding may be paid by the hospital board in advance of  
588 the final disposition of such action, suit, or proceeding upon a  
589 preliminary determination following one of the procedures set  
590 forth in this section that the agent of the hospital board met  
591 the applicable standard of conduct set forth in the above  
592 subsections, and upon receipt of an undertaking by or on behalf  
593 of the agent of the hospital board to repay such amount unless  
594 it is ultimately determined that he or she is entitled to be  
595 indemnified by the hospital board as authorized in this section.

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

600 Section 17. To ensure public oversight, accountability, and  
601 public benefit from the not-for-profit corporation to which the  
602 hospital board has leased hospital facilities, and in addition  
603 to the requirements for any such lease set forth in section  
604 155.40, Florida Statutes:

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

607 (2) The not-for-profit corporation shall separately account  
608 for the expenditure of all ad valorem tax moneys provided to it  
609 by the Citrus County Hospital Board, including maintaining them

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610 in a separate accounting fund. The expenditure for all such  
611 public tax funds shall be approved in a public meeting and  
612 separately accounted for annually by the not-for-profit  
613 corporation in a report provided to the Citrus County Hospital  
614 Board.

615 (3) The articles of incorporation, all amendments or  
616 restatements of the articles of incorporation, all corporate  
617 bylaws, all amendments or restatements of the corporate bylaws,  
618 and all other governing documents of the not-for-profit  
619 corporation shall be subject to the approval of the hospital  
620 board, and any such documents that have not heretofore been  
621 approved by the hospital board shall be submitted forthwith to  
622 the hospital board for approval.

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

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

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

637 (7) All members of the not-for-profit board of directors  
638 shall be subject to approval by the hospital board, and any

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639 board members presently serving who have not heretofore been  
640 approved by the hospital board shall be submitted forthwith to  
641 the hospital board for approval.

642 (8) The chief executive officer of the not-for-profit  
643 corporation and his or her term of office and any extensions  
644 thereof shall be approved by the hospital board, and the  
645 hospital board may terminate the term of the chief executive  
646 officer of the not-for-profit corporation with or without cause  
647 in its sole discretion, subject to the terms of any and all  
648 then-existing contracts.

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

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

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

662 (12) At the discretion of the hospital board, each and  
663 every year the not-for-profit corporation shall complete an  
664 independent audit of the fiscal management of the hospital by an  
665 auditor chosen by the hospital board, with the audit to be paid  
666 for by the not-for-profit corporation.

667 (13) All records of the not-for-profit corporation shall be

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668 public records unless exempt by law; however, the hospital  
669 board, pursuant to its oversight and auditing functions, must be  
670 given full and complete access to all proprietary confidential  
671 business information upon request and without subpoena and must  
672 maintain the confidentiality of information so received. As used  
673 in this subsection, the term "proprietary confidential business  
674 information" means information, regardless of its form or  
675 characteristics, that is owned or controlled by the not-for-  
676 profit corporation or its subsidiaries, including, but not  
677 limited to, all matters encompassed in privileged attorney-  
678 client communications and strategic planning.

679 (14) Subject to the annual approved budget, the hospital  
680 board shall reimburse the not-for-profit corporation for  
681 indigent care pursuant to the Florida Health Care Responsibility  
682 Act and the Florida Indigent Certification Standards.

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

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

695 (17) Failure of the not-for-profit corporation to comply  
696 with any or all of the oversight and accountability provisions



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697 in this section shall not constitute a breach or a termination  
698 of the lease agreement between the not-for-profit corporation  
699 and the hospital board but shall provide cause for the hospital  
700 board, in its discretion, to seek judicial relief in any form  
701 that is authorized by law and appropriate to rectify the  
702 noncompliant act or omission.

703 Section 4. Section 17 of the Citrus County Hospital and  
704 Medical Nursing and Convalescent Home Act applies to existing  
705 and future leases and amendments, revisions, and restatements  
706 thereto, and to existing and future agreements for hospital care  
707 and amendments, revisions, and restatements thereto. However,  
708 the Citrus County Hospital and Medical Nursing and Convalescent  
709 Home Act does not apply to the term of any existing contract  
710 entered into by the not-for-profit corporation with a third  
711 party, to any existing contract for the borrowing of money in  
712 excess of \$100,000, to any additional loan indebtedness or  
713 leases in excess of \$1.25 million for which the hospital board  
714 has not previously given its approval, or to any existing  
715 contract for a capital project in excess of \$250,000 per  
716 project, and any nonbudgeted operative expenditure in excess of  
717 \$125,000 in the per annum aggregate, for which the hospital  
718 board has not previously given its approval.

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

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

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726 or application, and to this end the provisions of this act are  
727 severable.

728 Section 7. This act shall be construed as a remedial act  
729 and shall be liberally construed to promote the purpose for  
730 which it is intended.

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