

By the Committee on Community Affairs; and Senator Gruters

578-02648-22

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1 A bill to be entitled
2 An act relating to independent hospital districts;
3 creating s. 189.0762, F.S.; defining the terms
4 "independent hospital district" and "nonprofit
5 entity"; authorizing the governing body of an
6 independent hospital district to evaluate certain
7 benefits of the potential conversion of the
8 independent hospital district to a nonprofit entity
9 under certain circumstances; specifying requirements
10 for such evaluations; requiring that the evaluation be
11 completed and the final report be presented to the
12 governing body within a specified timeframe; requiring
13 the report to be published on the independent hospital
14 district's website; providing requirements for the
15 report; requiring the governing body to make certain
16 determinations within a specified timeframe; requiring
17 the governing body to negotiate and complete an
18 agreement with the board of county commissioners for
19 each affected county before converting the independent
20 hospital district to a nonprofit entity; requiring
21 that such agreements be entered into within a
22 specified timeframe; providing requirements for such
23 agreements; prohibiting members of the board of county
24 commissioners for counties party to such agreements
25 from serving on the board of the successor nonprofit
26 entity; allowing members of the governing body of the
27 independent hospital district to serve on the board of
28 the successor nonprofit entity; requiring members of
29 the governing body and each board of county

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30 commissioners party to the agreement to disclose all
31 conflicts of interest; requiring the evaluation, all
32 agreements and disclosures, and any other supporting
33 documents related to the conversion to be published on
34 the websites of the independent hospital district and
35 each county that is party to the agreement for a
36 specified timeframe before the district and each
37 county may vote on the proposed conversion; providing
38 for the conversion of the independent hospital
39 district to a nonprofit entity; providing public
40 meeting requirements; requiring the independent
41 hospital district to notify the Department of Health
42 of the transfer of assets and liabilities to the
43 nonprofit entity within a specified timeframe;
44 providing for dissolution of the district upon the
45 department's receipt of such notification; providing
46 that an independent hospital district continues to
47 exist if the governing body and the board of county
48 commissioners for each affected county are unable to
49 reach an agreement; providing an effective date.

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

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53 Section 1. Section 189.0762, Florida Statutes, is created
54 to read:

55 189.0762 Conversion of an independent hospital district to
56 a nonprofit entity.-

57 (1) For purposes of this section, the term:

58 (a) "Independent hospital district" means an entity created

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59 pursuant to a special act which operates one or more hospitals
60 licensed under chapter 395 and which is governed by the
61 governing body of a special district or by the board of trustees
62 of a public health trust created under s. 154.07.

63 (b) "Nonprofit entity" means a Florida not-for-profit
64 corporation operating under chapter 617.

65 (2) The governing body of an independent hospital district
66 may elect, by a majority vote plus one, to commence an
67 evaluation of the benefits to the residents of converting the
68 independent hospital district to a nonprofit entity if the
69 governing body of such district and each county within which any
70 part of the district's boundaries are located execute an
71 agreement that meets the requirements of subsection (4). In
72 evaluating the benefits of converting the independent hospital
73 district to a nonprofit entity, the governing body of the
74 district must:

75 (a) Publish notice of and conduct a public hearing in
76 accordance with s. 189.015(1) to provide the residents of such
77 district the opportunity to publicly testify regarding the
78 conversion of the independent hospital district. The public
79 hearing must be held at a meeting other than a regularly noticed
80 meeting of the independent hospital district or an emergency
81 meeting of such district.

82 (b) Contract with an independent entity that has at least 5
83 years of experience conducting comparable evaluations of
84 hospital organizations similar in size and function to the
85 independent hospital district to conduct the evaluation
86 according to applicable industry best practices. The independent
87 entity may not have any affiliation with or financial

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88 involvement in the district or with any member of the governing
89 body of such district.

90 (c) Publish all documents considered by the governing body
91 of the independent hospital district on the website of the
92 district.

93 (3) The evaluation must be completed and the final report
94 presented to the governing body of the independent hospital
95 district no later than 180 days after the date of the vote taken
96 by the governing body of such district to evaluate the
97 conversion. The final report must be published on the website of
98 the independent hospital district. The final report must include
99 a statement signed by the presiding officer of the governing
100 board of the independent hospital district and the chief
101 executive officer of the independent entity conducting the
102 evaluation that, upon each person's reasonable knowledge and
103 belief, the contents and conclusions of the evaluation are true
104 and correct.

105 (4) No later than 120 days after the date the governing
106 body of the independent hospital district received the final
107 report, the governing body of such district must determine, by
108 majority vote plus one, whether the interests of the residents
109 of the district are best served by converting the independent
110 hospital district to a nonprofit entity. If the governing body
111 of the independent hospital district determines conversion is in
112 the best interest of the district, the independent hospital
113 district must negotiate and complete an agreement with the board
114 of county commissioners for each county in which any part of the
115 district boundaries are located before conversion may occur.

116 (5) An agreement between the governing body of the

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117 independent hospital district and each county in which any part
118 of the district boundary is located must be completed no later
119 than 120 days after the date of the public meeting at which the
120 governing body of such district determines conversion of the
121 independent hospital district is in the best interest of its
122 residents. The agreement must be in writing, dispose of all
123 assets and liabilities of the independent hospital district, and
124 include:

125 (a) A description of each asset that will be transferred to
126 each county.

127 (b) A description of each liability that will be
128 transferred to each county.

129 (c) The estimated total value of the assets that will be
130 transferred to each county.

131 (d) The estimated total value of the liabilities that will
132 be transferred to each county.

133 (e) If the agreement is with more than one county, a
134 description of the methodology used to allocate the assets and
135 liabilities of the district between the counties.

136 (f) A description of all assets that will be transferred to
137 the succeeding nonprofit entity.

138 (g) A description of all liabilities that will be assumed
139 by the succeeding nonprofit entity.

140 (h) The estimated total value of the assets that will be
141 transferred to the succeeding nonprofit entity.

142 (i) The total value of the liabilities to be assumed by the
143 succeeding nonprofit entity.

144 (j) If any debts remain, how those debts will be resolved.

145 (k) An enforceable commitment that programs and services

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146 provided by the district will continue to be provided to all
147 residents of the former district in perpetuity so long as the
148 nonprofit entity is in operation, or if otherwise agreed to
149 between the independent hospital district and the county or
150 counties party to the agreement, until the nonprofit entity has
151 otherwise met all obligations set forth in the agreement.

152 (l) A provision transferring the rights and obligations as
153 agreed to between the governing body of the independent hospital
154 district and the county or counties to the successor nonprofit
155 entity.

156 (m) Any other terms mutually agreed to between the
157 governing body of the independent hospital district and the
158 county or counties.

159 (6) (a) No member of the board of county commissioners for
160 any county that is a party to the agreement may serve on the
161 board of the successor nonprofit entity.

162 (b) Members of the governing body of the independent
163 hospital district may serve on the board of the successor
164 nonprofit entity.

165 (7) The members of the governing body of the independent
166 hospital district and of the board of county commissioners in
167 each county party to the agreement must disclose all conflicts
168 of interest as required by s. 112.313, including, but not
169 limited to:

170 (a) Whether the conversion of the independent hospital
171 district will result in a special private gain or loss to any
172 member of the governing body of the independent hospital
173 district or boards of county commissioners or to any senior
174 executives of the independent hospital district.

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175 (b) If any member of the governing body of the independent
176 hospital district will serve on the board of the successor
177 nonprofit entity. Such intent to serve on the board of the
178 successor nonprofit entity does not disqualify any member from
179 voting on the proposed conversion.

180 (8) The evaluation, agreements, disclosures, and any other
181 supporting documents related to the conversion of the
182 independent hospital district must be published on the website
183 of the independent hospital district and each county that is a
184 party to the agreement for 20 days before the governing body of
185 the independent hospital district and the board of county
186 commissioners for each county may vote on the proposed
187 conversion.

188 (9) (a) In a public meeting noticed as required by
189 subsection (2), the governing body of the independent hospital
190 district may approve, by majority vote plus one, the conversion
191 of such district to a nonprofit entity and any agreements
192 related to the conversion.

193 (b) The agreement negotiated under this section must be
194 approved by each board of county commissioners for each affected
195 county in a properly noticed public meeting.

196 (c) If the governing body of the independent hospital
197 district and the board of county commissioners for each affected
198 county approve the proposed agreement, a referendum of the
199 qualified voters of the district must be conducted at the next
200 general election as required under s. 100.031 for independent
201 hospital districts that exercise ad valorem taxing powers. A
202 referendum is not required for independent hospital districts
203 that do not exercise ad valorem taxing powers.

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204 (d) If approved by the qualified electors of the
205 independent hospital district voting in a referendum conducted
206 in accordance with paragraph (c), the agreement between the
207 independent hospital district and each board of county
208 commissioners for each affected county shall go into full force
209 and effect. The independent hospital district shall file a copy
210 of the agreement with the department no later than 10 days after
211 the date of the referendum approving the agreement and
212 conversion.

213 (10) No later than 30 days after the complete transfer of
214 assets and liabilities as provided in the agreement, the
215 independent hospital district shall notify the department. The
216 district shall be dissolved automatically upon receipt of the
217 notice by the department.

218 (11) If the governing body of the independent hospital
219 district and the board of county commissioners of each affected
220 county are unable to reach an agreement that would result in the
221 conversion of the independent hospital district to a nonprofit
222 entity, the district shall continue to exist.

223 Section 2. This act shall take effect July 1, 2022.