



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

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H.B. 462

132nd General Assembly
(As Introduced)

Reps. Schuring and West

BILL SUMMARY

- Specifies prerequisites that for-profit hospitals in certain counties must meet before permanently ceasing operations or permanently closing.
 - Requires the Auditor of State to determine whether a hospital has met those requirements and authorizes the Auditor to seek an injunction for noncompliance.
 - Declares an emergency.
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CONTENT AND OPERATION

For-profit hospital closures in certain counties

The bill prohibits, on or after its effective date, a for-profit hospital in a county with a population of at least 370,000 but less than 375,000 from permanently ceasing operations or permanently closing unless the Auditor of State has determined that the hospital followed a closure procedure the bill specifies and, if applicable, the hospital has complied with voluntary corporate dissolution procedures.¹

The bill adds to the Auditor's existing duties the duty to determine whether a hospital has followed the bill's closure procedure and provides that the Auditor's determination is final.²

¹ R.C. 3727.11(B). *See also* R.C. 1701.86 to 1701.882, not in the bill.

² R.C. 117.10(G) and 3727.11(D).

Closure procedure

The bill establishes a procedure that each for-profit hospital affected by the bill must follow before it permanently ceases operations or permanently closes.³ Under the procedure, an affected hospital must do all of the following:⁴

--Submit to the Auditor sufficient evidence of poor financial condition, supported by audited financial statements, that justifies the hospital's cessation of operations or closure;

--Submit to the Auditor sufficient evidence of good-faith negotiations with at least three other hospitals or hospital systems to purchase it and its affiliated health care facilities;

--Accept new patients and continue clinical operations for at least nine months after publicly announcing its intent to cease operations or close;

--Submit to the Auditor a credible plan for the transfer of each patient for care and of each health care practitioner for employment to another hospital or health care facility, as applicable, located not more than 15 miles from the originating hospital or facility;

--Submit to the Auditor sufficient evidence that all outstanding debts to persons or government entities in the county in which it is located have been paid; and

--Submit to the Auditor sufficient evidence that it has paid all state and local taxes, including taxes held in trust by the hospital, such as employer-withheld income taxes and sales or use taxes, for which the hospital is liable.

Injunction authorized for noncompliance

The bill authorizes the Auditor to petition the court of common pleas in the county in which the hospital is located for injunctive relief if the Auditor determines that a hospital is not in compliance with the bill. The court must grant the injunctive relief upon a showing that the hospital is not in compliance.⁵

Definitions

Under the bill, the following terms are defined:

³ R.C. 3727.11(C).

⁴ R.C. 3727.11(B).

⁵ R.C. 3727.11(E).



"Affiliated health care facility" means a health care facility, including a health care practitioner's office but excluding a hospital, at which preventive, diagnostic, therapeutic, acute convalescent, rehabilitation, mental health, intellectual disability, intermediate care, or skilled nursing services are provided and which is owned, leased, operated, or controlled, in whole or in part, by a for-profit hospital.

"Corporation" and "foreign corporation" are defined consistent with existing law:⁶

--A corporation is a corporation formed under Ohio law; and

--A foreign corporation is a corporation formed under the laws of another state.

"For-profit hospital" means either (1) a hospital registered with the Department of Health that is a corporation or foreign corporation or (2) a hospital registered with the Department that is owned, leased, operated, or controlled by a corporation or foreign corporation.

HISTORY

ACTION	DATE
Introduced	01-11-18

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⁶ R.C. 1701.01(A) and (B).

