

S.B. 361

A bill to amend 1987 PA 230, entitled
"Municipal health facilities corporations act,"
by amending section 306 (MCL 331.1306), as amended by 1988 PA
502.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 306. (1) Subject to applicable licensing and other
2 regulatory requirements, and subject to any approvals required
3 under subsections (5) and (6), each board of trustees and subsid-
4 iary board may enter into and carry out agreements for the reor-
5 ganization and the transfer of ownership or operation of some or
6 all of its health care facilities and related assets or health
7 services to a nonprofit health care organization or to a public
8 authority on behalf of a nonprofit health care organization by
9 sale, installment sales agreement, land contract, lease, lease

1 with an option to purchase, sublease, contract, option, or by any
2 other means.

3 (2) In establishing the terms of a reorganization pursuant
4 to this section, the board of trustees or subsidiary board may
5 take into account, in addition to the monetary consideration for
6 the transfer, if any, 1 or more of the following:

7 (a) The ability and willingness of the nonprofit health care
8 organization to continue to provide health services to residents
9 of the local governmental unit.

10 (b) The assumption by the nonprofit health care organization
11 of liabilities, obligations, and risks associated with ownership
12 or operation of the health care facilities and health services
13 transferred, including those associated with outstanding bonds,
14 notes and obligations, pension, retirement, and other benefits
15 for employees and employees and conditions attached to public or
16 private grants.

17 (c) The willingness and ability of the nonprofit health care
18 organization to provide services to those unable to pay fully for
19 their care.

20 (d) The elimination of or reduction in support required for
21 the health care facilities or health services from tax revenues
22 or other public sources.

23 (e) The ability and willingness of the nonprofit health care
24 corporation to expand or improve the health care facilities or
25 the health services being transferred.

SB0361, As Passed House, February 4, 1998

S.B. 361 as amended March 4, 1998

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1 (f) Such other factors bearing on the health and welfare of
2 the residents of the local governmental unit as the board of
3 trustees or subsidiary board considers appropriate.

4 (3) A board of trustees or subsidiary board may accept
5 secured or unsecured notes, bonds, or obligations given by or on
6 behalf of a nonprofit health care organization or such other
7 forms of payment as it considers appropriate in full or partial
8 satisfaction of any monetary consideration provided under an
9 agreement for reorganization pursuant to this section.

10 (4) Any board of trustees or subsidiary board transferring
11 health care facilities pursuant to this section shall require,
12 for a term of not less than 30 years, that use of the health care
13 facilities transferred shall be open to all regardless of race,
14 religion, color, national origin, sex, age, [~~handicap~~, DISABILITY,]
15 marital
16 status, sexual preference, or source of payment, and that the
17 nonprofit health care organization acquiring such health care
18 facilities shall provide an equal opportunity for employment,
19 without discrimination as to race, religion, color, national
20 origin, sex, age, ~~handicap~~ DISABILITY, marital status, or
21 sexual preference.

22 (5) Any transfer made by a subsidiary board in reliance upon
23 this section shall be made only with the prior approval of the
24 board of trustees of its parent corporation.

25 (6) Any transfer by a corporation or a subsidiary corpora-
26 tion in reliance upon this section shall be made only with the
27 prior approval of the county board of commissioners, city
council, or village council, if either of the following applies:

1 (a) The health care facilities or health services to be
2 transferred provided more than 10% of the gross revenues of the
3 corporation or subsidiary corporation making the transfer, deter-
4 mined in accordance with generally accepted accounting princi-
5 ples, in either of the 2 full fiscal years of the corporation or
6 subsidiary corporation completed immediately preceding the date
7 of the transfer.

8 (b) A majority of the governing body of the nonprofit health
9 care organization acquiring the health care facilities or health
10 services is composed of persons who are also serving as trustees
11 of the corporation or the subsidiary corporation making the
12 transfer.

13 (7) Notwithstanding any other provision of this section, no
14 transfer shall be made in such a way as to impair the obligation
15 of the corporation or the subsidiary corporation with respect to
16 any outstanding corporation obligation, bond, note, or contract.