

**SUBSTITUTE FOR
HOUSE BILL NO. 5680**

A bill to amend 1945 PA 47, entitled

"An act to authorize 2 or more cities, townships, and villages, or any combination of cities, townships, and villages, to incorporate a hospital authority for planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating 1 or more community hospitals and related buildings or structures and related facilities; to provide for the sale, lease, or other transfer of a hospital owned by a hospital authority to a nonprofit corporation established under the laws of this state for no or nominal monetary consideration; to define hospitals and community hospitals; to provide for changes in the membership therein; to authorize the cities, townships, and villages to levy taxes for community hospital purposes; to provide for the issuance of bonds; to provide for the pledge of assessments; to provide for borrowing money for operation and maintenance and issuing notes for operation and maintenance; to validate elections heretofore held and notes heretofore issued; to validate bonds heretofore issued; to authorize condemnation proceedings; to grant certain powers of a body corporate; to validate and ratify the organization, existence, and membership of entities acting as hospital authorities under the act and the actions taken by hospital authorities and by the members of the hospital authorities; and to prescribe penalties and provide remedies,"

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by amending sections 5, 6, and 7 (MCL 331.5, 331.6, and 331.7), section 5 as amended by 1984 PA 17 and section 7 as amended by 1983 PA 78.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. (1) The hospital authority shall be directed and
2 governed by a hospital board consisting of 1 member for the first
3 20,000 population and 1 for each additional 40,000, or fraction
4 thereof, according to the latest or each succeeding federal
5 decennial census for each city, village, or township participat-
6 ing in the hospital authority. The members shall be appointed by
7 the legislative bodies of each participating city, village, or
8 township, and, subject to subsection (2), 7 members at large
9 selected by the appointed members. On the date appointed in the
10 adopting resolutions, or within 30 days after the creation of the
11 hospital authority, the members appointed by the respective
12 cities, villages, and townships, shall convene, elect a temporary
13 chairperson and secretary, and select the members at large by a
14 majority vote. The appointed members shall be electors of the
15 respective appointing cities, villages, or townships and may be
16 members of the legislative bodies of the city, village, or
17 township. The members at large shall be electors of the terri-
18 tory served by the community hospitals. The members at large
19 shall be ~~elected~~ APPOINTED for staggered terms so that ~~no~~ NOT
20 more than 2 memberships shall expire each year, and succeeding
21 appointments shall be for a term of 4 years. The appointed

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1 members shall serve at the pleasure of their respective
2 appointing legislative bodies.

3 (2) The members at large of a hospital board of a hospital
4 authority whose member jurisdiction has a population of 300,000
5 or more shall be removed if the legislative bodies of the cities,
6 villages, and townships participating in the hospital authority
7 whose representation constitutes a majority of the members of the
8 hospital board in accordance with their authorized representation
9 on the board, excluding the members at large, adopt a resolution
10 to remove the members at large. The resolutions required by this
11 subsection shall be adopted within the same 90-day period. The
12 resolutions shall be transmitted to the secretary of the hospital
13 board.

14 (3) Upon receipt of the resolutions required by
15 subsection (2), the secretary of the hospital board shall do all
16 of the following:

17 (a) Certify the resolutions.

18 (b) Within 10 days after receipt of the resolutions, notify
19 the members at large in writing that they have been removed from
20 office.

21 (c) Notify the full hospital board not later than the next
22 regularly scheduled meeting of the hospital board. IF THE BOARD
23 IS NOT SCHEDULED TO HOLD A REGULARLY SCHEDULED MEETING WITHIN 90
24 DAYS AFTER THE SECRETARY'S RECEIPT OF THE RESOLUTIONS, THE SECRE-
25 TARY SHALL, WITHIN 30 DAYS AFTER RECEIPT OF THE RESOLUTIONS,
26 NOTIFY THE OTHER MEMBERS OF THE BOARD IN WRITING OF THE REMOVAL
27 FROM OFFICE.

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1 (4) The procedure described in subsection (2) shall not be
2 used or attempted more than once in a 12-month period.

3 (5) Immediately upon the removal of the members at large the
4 hospital board shall hold its first meeting and organize by
5 electing from its members a chairperson and vice-chairperson, and
6 a secretary and treasurer who shall be members of the hospital
7 board.

8 (6) The hospital board shall also appoint an executive com-
9 mittee, consisting of the chairperson and 6 other hospital board
10 members. The executive committee shall carry on the active
11 administrative duties of the hospital authority. The executive
12 committee shall hold office at the pleasure of the hospital
13 board. The hospital board shall also appoint a medical advisory
14 committee which shall advise the hospital board with regard to
15 professional problems of hospital operation and to surgical and
16 medical policies including matters pertaining to the development
17 of medical staff bylaws and rules. The members of the medical
18 advisory committee shall be physicians and surgeons licensed pur-
19 suant to article 15 of the public health code, ~~Act No. 368 of~~
20 ~~the Public Acts of 1978, being sections 333.16101 to 333.18838 of~~
21 ~~the Michigan Compiled Laws~~ 1978 PA 368, MCL 333.16101 TO
22 333.18838. The board shall also select and employ other officers
23 and employees and contract for services as are considered neces-
24 sary to effectuate its purposes.

25 (7) A member of the board shall not vote on an issue in
26 which the member has a substantial interest.

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1 (8) The hospital board, by resolution, may establish
2 committees, other than the executive committee. The committees
3 shall be constituted and appointed as provided by the hospital
4 board. A committee shall not exercise governing powers of the
5 hospital board but shall make reports and recommendations to the
6 hospital board as the hospital board directs.

7 (9) A former member of a hospital board who was removed pur-
8 suant to subsection (2) shall not be employed by the hospital
9 authority within 2 years after the former member was removed.

10 Sec. 6. (1) After organization, the hospital board, by res-
11 olution, shall establish the times for holding regular meetings
12 of the board. Business which the hospital board may perform
13 shall be conducted at a public meeting held in compliance with
14 ~~Act No. 267 of the Public Acts of 1976, being sections 15.261 to~~
15 ~~15.275 of the Michigan Compiled Laws~~ THE OPEN MEETINGS ACT, 1976
16 PA 267, MCL 15.261 TO 15.275. The board shall hold other meet-
17 ings at the call of the chairperson. Public notice of the time,
18 date, and place of meetings shall be given in the manner required
19 by ~~Act No. 267 of the Public Acts of 1976~~ THE OPEN MEETINGS
20 ACT, 1976 PA 267, MCL 15.261 TO 15.275, and the chairperson shall
21 give 3 days' personal or written notice of the time and place of
22 the meetings to the members. A member of the board may file a
23 written waiver of notice and consent to a board meeting. The
24 chairperson shall call a meeting upon written request of 3 mem-
25 bers of the board. A majority of the members shall constitute a
26 quorum. The board shall cause to be kept a written or printed
27 record of each meeting, which record and any other writing

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1 prepared, owned, used, in the possession of, or retained by the
2 board in the performance of an official function shall be made
3 available to the public in compliance with ~~Act No. 442 of the~~
4 ~~Public Acts of 1976, being sections 15.231 to 15.246 of the~~
5 ~~Michigan Compiled Laws~~ THE FREEDOM OF INFORMATION ACT, 1976
6 PA 442, MCL 15.231 TO 15.246.

7 (2) The board shall provide for a system of accounts to con-
8 form to a uniform system required by law and for annual auditing
9 of the accounts of the treasurer by a certified public
10 accountant. The board shall require the treasurer to give a
11 suitable bond by a responsible bonding company, to be paid for by
12 the board. The board shall adopt bylaws, rules, and policies
13 governing the operation and professional work of the hospital and
14 the eligibility and qualifications of its medical staff.
15 Physicians, nurses, attendants, employees, patients, and persons
16 approaching or on the premises of the hospital and furniture,
17 equipment, and other articles used or brought on the premises
18 shall be subject to the bylaws, rules, and policies as the hospi-
19 tal board may adopt or authorize to be adopted. The board may
20 deny or revoke staff membership, or suspend or reduce hospital
21 privileges to a physician who violates a provision of the medical
22 staff bylaws, rules, and policies.

23 (3) The medical advisory committee, with the approval of the
24 hospital board, shall adopt rules and policies governing the pro-
25 fessional work of the hospitals and the eligibility and qualifi-
26 cations of their medical staffs. The rules and policies shall
27 conform, as nearly as practicable, to the applicable standards

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1 recommended by the joint commission on accreditation of
2 hospitals.

3 (4) IF AN AUDIT COMPLETED PURSUANT TO SUBSECTION (2) SHOWS
4 THAT THE AUTHORITY HAS GROSS ASSETS, WITHOUT ACCOUNTING FOR ANY
5 LIABILITIES, OF LESS THAN \$20,000.00, AND IF THE AUTHORITY IS NOT
6 THEN DIRECTLY OR INDIRECTLY ENGAGED IN THE OPERATION OF A HOSPI-
7 TAL, THE BOARD MAY ADOPT A RESOLUTION STATING THAT THE AUTHORITY
8 HAS NO MATERIAL ASSETS. THE ADOPTION OF THE RESOLUTION SHALL BE
9 MADE AT A PUBLIC MEETING HELD IN COMPLIANCE WITH THIS SECTION AND
10 WITH THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275. A
11 BOARD THAT HAS ADOPTED SUCH A RESOLUTION SHALL CONTINUE TO FUNC-
12 TION IN COMPLIANCE WITH SECTIONS 5 AND 7 AND THIS SECTION EXCEPT
13 FOR THE FOLLOWING:

14 (A) THE BOARD NEED NOT MEET AT THE REGULAR TIMES ESTABLISHED
15 UNDER THIS SECTION.

16 (B) THE BOARD NEED NOT COMPLETE AN ANNUAL BUDGET PURSUANT TO
17 SECTION 7.

18 (C) THE BOARD MAY TAKE ACTION BY A WRITTEN CONSENT OF THE
19 BOARD MEMBERS SIGNED BY A NUMBER OF BOARD MEMBERS EQUAL TO THE
20 NUMBER OF MEMBERS NECESSARY TO APPROVE SUCH ACTION AT A MEETING
21 AT WHICH ALL THE BOARD MEMBERS ATTENDED, BUT ONLY FOR THE PURPOSE
22 OF ELECTING MEMBERS AT LARGE TO THE BOARD OF THE AUTHORITY AND
23 NOT FOR THE PURPOSE OF REMOVING MEMBERS AT LARGE. SUCH A WRITTEN
24 ACTION SHALL BE MADE AVAILABLE TO THE PUBLIC IN COMPLIANCE WITH
25 THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
26 15.246.

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1 (5) A DETERMINATION OF NO MATERIAL ASSETS, AS PROVIDED FOR
2 IN SUBSECTION (4), SHALL REMAIN IN EFFECT UNTIL THE AUTHORITY
3 BEGINS DIRECTLY OR INDIRECTLY TO ENGAGE IN THE OPERATION OF A
4 HOSPITAL OR UNTIL THE AUTHORITY'S GROSS ASSETS, WITHOUT ACCOUNT-
5 ING FOR ANY LIABILITIES, INCREASE TO \$20,000.00. IMMEDIATELY
6 UPON THE HAPPENING OF EITHER EVENT, OR AT ANY OTHER TIME AT THE
7 DISCRETION OF THE BOARD, THE DETERMINATION OF NO MATERIAL ASSETS
8 SHALL CEASE AND THE BOARD SHALL RESUME ALL OF THE ACTIONS
9 REQUIRED OF IT BEFORE THE DETERMINATION OF NO MATERIAL ASSETS.

10 (6) ANY RESIDUAL VALUE RESULTING FROM AN AUTHORITY'S POTEN-
11 TIAL RIGHT TO RETAKE POSSESSION OF A HOSPITAL OR OTHER PROPERTY
12 PREVIOUSLY SOLD OR TRANSFERRED PURSUANT TO SECTION 9 IS NOT
13 INCLUDED AS PART OF THE AUTHORITY'S ASSETS FOR MAKING A DETERMI-
14 NATION OF NO MATERIAL ASSETS UNDER SUBSECTION (4).

15 Sec. 7. (1) ~~By~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 6,
16 BY April 1 of each year, the hospital board shall cause a bal-
17 anced budget to be prepared containing an itemized statement of
18 the estimated current expenses and the expenses for capital
19 outlay, including the amount necessary to pay the principal and
20 interest of any outstanding bonds or other obligations of the
21 authority maturing before the time of the following year's tax
22 collection or which have previously matured and are unpaid, and
23 an estimate of the revenue of the hospital authority from all
24 sources for the ensuing fiscal year. The board shall publish
25 notice of a public hearing on the budget stating the time and
26 place. Notice of hearing shall be furnished the legislative body

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1 of each city, village, or township participating in the hospital
2 authority.

3 (2) After the public hearing, the board shall adopt the
4 budget as shall be considered necessary and shall ascertain what
5 amount is required to be raised by taxation from the several
6 cities, townships, and villages to meet their respective shares
7 of the amount of the budget in excess of the estimated other
8 revenues. The share of each city, village, and township shall be
9 determined on the basis of their respective valuations as finally
10 equalized. The assessed valuation of a township for the purpose
11 shall be exclusive of the property within a village which, as a
12 corporate entity, is a member of the authority, and the assessed
13 valuation of a member village shall be computed pursuant to the
14 township assessment roll so as to afford a uniform assessment
15 basis. A member township containing in whole or in part a member
16 village shall levy taxes under this act only against property
17 located outside the village. The board shall certify to each
18 participating city, township, and village the amount to be raised
19 by them and the respective cities, townships, and villages shall
20 include those amounts in their next ensuing budgets, and shall
21 pay the amount so certified from funds they have available or
22 from the proceeds of a tax which they are authorized to levy, in
23 an amount sufficient therefor, but not exceeding the tax limita-
24 tion provided in this act exclusive of any amount voted for capi-
25 tal improvements under section 4 or necessary to pay principal
26 and interest on bonds issued under section 8b. A village located
27 in a township that is also a member of the authority, by

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1 agreement with the township, may have the township include the
2 village property in a tax assessment under this act, collect the
3 money assessed, and pay it to the village for payment of its
4 share to the authority. Payment of the sums certified shall be
5 due and payable to the hospital authority 120 days after the date
6 on which local taxes become due and payable in cities, villages,
7 and townships participating in the hospital authority except that
8 when a township collects a village portion, the amount due from
9 the village shall not be due to the authority until the township
10 portion is due. Each city, township, and village shall be liable
11 for the amount certified.

12 (3) The board shall also render to each participating city,
13 township, and village ~~—~~ on each July 1 and January 1 ~~during~~ A
14 CERTIFIED REPORT PERTAINING TO the operation of the hospital. ~~—~~
15 ~~a certified report thereof.~~ Each report shall state the condi-
16 tion of the finances, the amount of money expended, the money
17 received from all sources, the money owing to the board for hos-
18 pital and medical services, and other information as the board
19 may consider expedient. The board shall also file a copy of the
20 report with the department of treasury together with other infor-
21 mation as the department of treasury may require.

22 (4) Within 30 days after the formation of a new hospital
23 authority, and annually on July 1 thereafter, the hospital board
24 shall file with the secretary of state a report as the secretary
25 of state may require, including the date of formation, the names
26 of the member communities, and other information ~~as~~ the
27 ~~report~~ SECRETARY OF STATE may require.