

HOUSE BILL No. 5680

February 19, 2002, Introduced by Reps. Birkholz, Drolet, Meyer, Vander Veen, Lipsey, Voorhees, Stewart and Kooiman and referred to the Committee on Local Government and Urban Policy.

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,"

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
 22 members shall serve at the pleasure of their respective
 23 appointing legislative bodies.

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

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

15 (a) Certify the resolutions.

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

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

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

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

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

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

25 (8) The hospital board, by resolution, may establish commit-
26 tees, other than the executive committee. The committees shall
27 be constituted and appointed as provided by the hospital board.

1 A committee shall not exercise governing powers of the hospital
2 board but shall make reports and recommendations to the hospital
3 board as the hospital board directs.

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

7 Sec. 6. (1) After organization, the hospital board, by res-
8 olution, shall establish the times for holding regular meetings
9 of the board. Business which the hospital board may perform
10 shall be conducted at a public meeting held in compliance with
11 ~~Act No. 267 of the Public Acts of 1976, being sections 15.261 to~~
12 ~~15.275 of the Michigan Compiled Laws~~ THE OPEN MEETINGS ACT, 1976
13 PA 267, MCL 15.261 TO 15.275. The board shall hold other meet-
14 ings at the call of the chairperson. Public notice of the time,
15 date, and place of meetings shall be given in the manner required
16 by ~~Act No. 267 of the Public Acts of 1976~~ THE OPEN MEETINGS
17 ACT, 1976 PA 267, MCL 15.261 TO 15.275, and the chairperson shall
18 give 3 days' personal or written notice of the time and place of
19 the meetings to the members. A member of the board may file a
20 written waiver of notice and consent to a board meeting. The
21 chairperson shall call a meeting upon written request of 3 mem-
22 bers of the board. A majority of the members shall constitute a
23 quorum. The board shall cause to be kept a written or printed
24 record of each meeting, which record and any other writing pre-
25 pared, owned, used, in the possession of, or retained by the
26 board in the performance of an official function shall be made
27 available to the public in compliance with ~~Act No. 442 of the~~

1 ~~Public Acts of 1976, being sections 15.231 to 15.246 of the~~
2 ~~Michigan Compiled Laws~~ THE FREEDOM OF INFORMATION ACT, 1976 PA
3 442, MCL 15.231 TO 15.246.

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

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

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

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

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

16 (C) THE BOARD MAY TAKE ACTION BY A WRITTEN CONSENT OF THE
17 BOARD MEMBERS SIGNED BY A NUMBER OF BOARD MEMBERS EQUAL TO THE
18 NUMBER OF MEMBERS NECESSARY TO APPROVE SUCH ACTION AT A MEETING
19 AT WHICH ALL THE BOARD MEMBERS ATTENDED, BUT ONLY FOR THE PURPOSE
20 OF ELECTING MEMBERS AT LARGE TO THE BOARD OF THE AUTHORITY. SUCH
21 A WRITTEN ACTION SHALL BE MADE AVAILABLE TO THE PUBLIC IN COMPLI-
22 ANCE WITH THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231
23 TO 15.246.

24 (5) A DETERMINATION OF NO MATERIAL ASSETS, AS PROVIDED FOR
25 IN SUBSECTION (4), SHALL REMAIN IN EFFECT UNTIL THE AUTHORITY
26 BEGINS DIRECTLY OR INDIRECTLY TO ENGAGE IN THE OPERATION OF A
27 HOSPITAL OR UNTIL THE AUTHORITY'S GROSS ASSETS, WITHOUT

1 ACCOUNTING FOR ANY LIABILITIES, INCREASE TO \$20,000.00.
2 IMMEDIATELY UPON THE HAPPENING OF EITHER EVENT, OR AT ANY OTHER
3 TIME AT THE DISCRETION OF THE BOARD, THE DETERMINATION OF NO
4 MATERIAL ASSETS SHALL CEASE AND THE BOARD SHALL RESUME ALL OF THE
5 ACTIONS REQUIRED OF IT BEFORE THE DETERMINATION OF NO MATERIAL
6 ASSETS.

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

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

26 (2) After the public hearing, the board shall adopt the
27 budget as shall be considered necessary and shall ascertain what

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

1 payable to the hospital authority 120 days after the date on
2 which local taxes become due and payable in cities, villages, and
3 townships participating in the hospital authority except that
4 when a township collects a village portion, the amount due from
5 the village shall not be due to the authority until the township
6 portion is due. Each city, township, and village shall be liable
7 for the amount certified.

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

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