

Act No. 724
Public Acts of 2002
Approved by the Governor
December 30, 2002
Filed with the Secretary of State
December 30, 2002
EFFECTIVE DATE: December 30, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

Introduced by Reps. Birkholz, Drolet, Meyer, Vander Veen, Lipsey, Voorhees, Stewart and Kooiman

ENROLLED HOUSE BILL No. 5680

AN ACT 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:

Sec. 5. (1) The hospital authority shall be directed and governed by a hospital board consisting of 1 member for the first 20,000 population and 1 for each additional 40,000, or fraction thereof, according to the latest or each succeeding federal decennial census for each city, village, or township participating in the hospital authority. The members shall be appointed by the legislative bodies of each participating city, village, or township, and, subject to subsection (2), 7 members at large selected by the appointed members. On the date appointed in the adopting resolutions, or within 30 days after the creation of the hospital authority, the members appointed by the respective cities, villages, and townships, shall convene, elect a temporary chairperson and secretary, and select the members at large by a majority vote. The appointed members shall be electors of the respective appointing cities, villages, or townships and may be members of the legislative bodies of the city, village, or township. The members at large shall be electors of the territory served by the community hospitals. The members at large shall be appointed for staggered terms so that not more than 2 memberships shall expire each year, and succeeding appointments shall be for a term of 4 years. The appointed members shall serve at the pleasure of their respective appointing legislative bodies.

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

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

(a) Certify the resolutions.

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

(c) Notify the full hospital board not later than the next regularly scheduled meeting of the hospital board. If the board is not scheduled to hold a regularly scheduled meeting within 90 days after the secretary's receipt of the resolutions, the secretary shall, within 30 days after receipt of the resolutions, notify the other members of the board in writing of the removal from office.

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

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

(6) The hospital board shall also appoint an executive committee, consisting of the chairperson and 6 other hospital board members. The executive committee shall carry on the active administrative duties of the hospital authority. The executive committee shall hold office at the pleasure of the hospital board. The hospital board shall also appoint a medical advisory committee which shall advise the hospital board with regard to professional problems of hospital operation and to surgical and medical policies including matters pertaining to the development of medical staff bylaws and rules. The members of the medical advisory committee shall be physicians and surgeons licensed pursuant to article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838. The board shall also select and employ other officers and employees and contract for services as are considered necessary to effectuate its purposes.

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

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

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

Sec. 6. (1) After organization, the hospital board, by resolution, shall establish the times for holding regular meetings of the board. Business which the hospital board may perform shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board shall hold other meetings at the call of the chairperson. Public notice of the time, date, and place of meetings shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and the chairperson shall give 3 days' personal or written notice of the time and place of the meetings to the members. A member of the board may file a written waiver of notice and consent to a board meeting. The chairperson shall call a meeting upon written request of 3 members of the board. A majority of the members shall constitute a quorum. The board shall cause to be kept a written or printed record of each meeting, which record and any other writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(2) The board shall provide for a system of accounts to conform to a uniform system required by law and for annual auditing of the accounts of the treasurer by a certified public accountant. The board shall require the treasurer to give a suitable bond by a responsible bonding company, to be paid for by the board. The board shall adopt bylaws, rules, and policies governing the operation and professional work of the hospital and the eligibility and qualifications of its medical staff. Physicians, nurses, attendants, employees, patients, and persons approaching or on the premises of the hospital and furniture, equipment, and other articles used or brought on the premises shall be subject to the bylaws, rules, and policies as the hospital board may adopt or authorize to be adopted. The board may deny or revoke staff membership, or suspend or reduce hospital privileges to a physician who violates a provision of the medical staff bylaws, rules, and policies.

(3) The medical advisory committee, with the approval of the hospital board, shall adopt rules and policies governing the professional work of the hospitals and the eligibility and qualifications of their medical staffs. The rules and policies

shall conform, as nearly as practicable, to the applicable standards recommended by the joint commission on accreditation of hospitals.

(4) If an audit completed pursuant to subsection (2) shows that the authority has gross assets, without accounting for any liabilities, of less than \$20,000.00, and if the authority is not then directly or indirectly engaged in the operation of a hospital, the board may adopt a resolution stating that the authority has no material assets. The adoption of the resolution shall be made at a public meeting held in compliance with this section and with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A board that has adopted such a resolution shall continue to function in compliance with sections 5 and 7 and this section except for the following:

(a) The board need not meet at the regular times established under this section.

(b) The board need not complete an annual budget pursuant to section 7.

(c) The board may take action by a written consent of the board members signed by a number of board members equal to the number of members necessary to approve such action at a meeting at which all the board members attended, but only for the purpose of electing members at large to the board of the authority and not for the purpose of removing members at large. Such a written action shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(5) A determination of no material assets, as provided for in subsection (4), shall remain in effect until the authority begins directly or indirectly to engage in the operation of a hospital or until the authority's gross assets, without accounting for any liabilities, increase to \$20,000.00. Immediately upon the happening of either event, or at any other time at the discretion of the board, the determination of no material assets shall cease and the board shall resume all of the actions required of it before the determination of no material assets.

(6) Any residual value resulting from an authority's potential right to retake possession of a hospital or other property previously sold or transferred pursuant to section 9 is not included as part of the authority's assets for making a determination of no material assets under subsection (4).

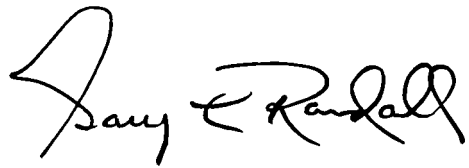
Sec. 7. (1) Except as otherwise provided in section 6, by April 1 of each year, the hospital board shall cause a balanced budget to be prepared containing an itemized statement of the estimated current expenses and the expenses for capital outlay, including the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the authority maturing before the time of the following year's tax collection or which have previously matured and are unpaid, and an estimate of the revenue of the hospital authority from all sources for the ensuing fiscal year. The board shall publish notice of a public hearing on the budget stating the time and place. Notice of hearing shall be furnished the legislative body of each city, village, or township participating in the hospital authority.

(2) After the public hearing, the board shall adopt the budget as shall be considered necessary and shall ascertain what amount is required to be raised by taxation from the several cities, townships, and villages to meet their respective shares of the amount of the budget in excess of the estimated other revenues. The share of each city, village, and township shall be determined on the basis of their respective valuations as finally equalized. The assessed valuation of a township for the purpose shall be exclusive of the property within a village which, as a corporate entity, is a member of the authority, and the assessed valuation of a member village shall be computed pursuant to the township assessment roll so as to afford a uniform assessment basis. A member township containing in whole or in part a member village shall levy taxes under this act only against property located outside the village. The board shall certify to each participating city, township, and village the amount to be raised by them and the respective cities, townships, and villages shall include those amounts in their next ensuing budgets, and shall pay the amount so certified from funds they have available or from the proceeds of a tax which they are authorized to levy, in an amount sufficient therefor, but not exceeding the tax limitation provided in this act exclusive of any amount voted for capital improvements under section 4 or necessary to pay principal and interest on bonds issued under section 8b. A village located in a township that is also a member of the authority, by agreement with the township, may have the township include the village property in a tax assessment under this act, collect the money assessed, and pay it to the village for payment of its share to the authority. Payment of the sums certified shall be due and payable to the hospital authority 120 days after the date on which local taxes become due and payable in cities, villages, and townships participating in the hospital authority except that when a township collects a village portion, the amount due from the village shall not be due to the authority until the township portion is due. Each city, township, and village shall be liable for the amount certified.

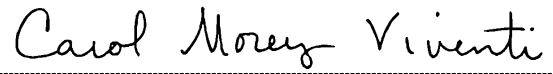
(3) The board shall also render to each participating city, township, and village on each July 1 and January 1 a certified report pertaining to the operation of the hospital. Each report shall state the condition of the finances, the amount of money expended, the money received from all sources, the money owing to the board for hospital and medical services, and other information as the board may consider expedient. The board shall also file a copy of the report with the department of treasury together with other information as the department of treasury may require.

(4) Within 30 days after the formation of a new hospital authority, and annually on July 1 thereafter, the hospital board shall file with the secretary of state a report as the secretary of state may require, including the date of formation, the names of the member communities, and other information the secretary of state may require.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved

Governor.