

By: Representative McGee

To: Judiciary A; Public
Health and Human Services

HOUSE BILL NO. 1216

1 AN ACT TO CREATE THE SOUTH MISSISSIPPI REGIONAL HEALTH CARE
2 AUTHORITY ACT OF 2022; TO DECLARE THE LEGISLATIVE PURPOSE OF THE
3 AUTHORITY; TO PRESCRIBE THE POWERS AND DUTIES OF THE AUTHORITY; TO
4 GRANT THE AUTHORITY CERTAIN POWERS; TO EXEMPT THE AUTHORITY FROM
5 CERTAIN STATUTES APPLICABLE TO COMMUNITY HOSPITALS AND OTHER
6 GOVERNING AUTHORITIES; TO PROVIDE FOR STATE ACTION IMMUNITY; AND
7 FOR RELATED PURPOSES.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

9 **SECTION 1. Short title.** This act shall be known and may be
10 cited as the "South Mississippi Regional Health Care Authority Act
11 of 2022."

12 **SECTION 2. Legislative intent and general purposes.** The
13 Legislature finds and declares as follows:

14 (a) The needs of the residents of South Mississippi can
15 best be served by one or more regional health care authorities
16 having the legal, financial and operational flexibility to take
17 full advantage of opportunities and challenges presented by the
18 evolving health care environment and to take whatever actions are
19 necessary to enable the authority's continuation as a system that



20 provides the finest possible quality of care consistent with
21 reasonable costs.

22 (b) In this environment, the regional health care
23 authority must have the ability to respond to changing conditions
24 by having the power to develop efficient and cost-effective
25 methods and structures to provide for health care needs, while
26 maintaining a public mission and character. Accordingly, the
27 Legislature finds that there is a compelling interest in
28 establishing a structure and process for a community hospital to
29 be reconstituted, if desired, in order to be able to adapt to this
30 dynamic environment, to operate efficiently, to offer competitive
31 health care services, to respond more effectively to new
32 developments and regulatory changes in the health care area, and
33 to continue to serve and promote the health, wellness and welfare
34 of the citizens of South Mississippi. The general purpose of this
35 act is to achieve these objectives and promote the public health
36 and welfare of the residents of South Mississippi by allowing a
37 community hospital to be converted into the regional health care
38 authority and to operate as provided in this act. The regional
39 health care authority established under this act shall be a public
40 and governmental body, and a political subdivision of the state.
41 The acquisition, operation and financing of hospitals and other
42 health care facilities by the regional health care authority are
43 declared to be for a public and governmental purpose and a matter
44 of public necessity.



45 (c) The geographic area of South Mississippi to be
46 served by the regional health care authority includes rural
47 populations and other groups that experience significant health
48 disparities. Health disparities are differences in health status
49 when compared to the population overall, often characterized by
50 indicators such as higher incidence of disease and/or disability,
51 increased mortality rates, and lower life expectancies. Rural
52 risk factors for health disparities include geographic isolation,
53 lower socioeconomic status, higher rates of health risk behaviors,
54 and limited access to health care specialists and subspecialists.
55 As a result of these health disparities, the residents of the area
56 to be served by the regional health authority have high rates of
57 mortality and morbidity, heart disease, cancer and other
58 illnesses. The region also includes a high percentage of
59 uninsured individuals and Medicaid patients, which are medically
60 underserved groups. Community hospitals that currently serve this
61 area have demonstrated their ability to provide high quality
62 health care and to improve health conditions and outcomes as well
63 as access to care. The conversion of one or more of the community
64 hospitals into a regional health care authority will significantly
65 strengthen the ability to serve the health care needs of the
66 residents of this region.

67 (d) The regional health care authority's investment of
68 significant public assets and its efforts to provide high quality
69 health care services to medically underserved populations are



70 jeopardized by the authority's potential limits on its ability to
71 collaborate and consolidate with other public and private health
72 care facilities and providers. The Legislature expressly finds
73 that the benefits of collaboration and consolidation by the
74 regional health care authority outweigh any adverse impact on
75 competition. The benefits of the authority's efforts to
76 collaborate and consolidate include, but are not limited to,
77 preserving and expanding needed health care services in its
78 service area; consolidating unneeded or duplicative health care
79 services; enhancing the quality of, and expanding access to,
80 health care delivered to medically underserved and rural
81 populations; and lowering costs and improving the efficiency of
82 the health care services it delivers. Based on the findings
83 contained in this section, the Legislature affirmatively expresses
84 a policy to allow the regional health care authority to
85 consolidate with other health care facilities and providers and to
86 engage in collaborative activities consistent with its health care
87 purposes, notwithstanding that those consolidations and
88 collaborations may have the effect of displacing competition in
89 the provision of hospital or other health care related services.
90 With respect to the consolidations, collaborative activities and
91 other activities contemplated in this section and in Section 7 of
92 this act, the regional health care authority and the public or
93 private entities with which it consolidates, collaborates or
94 enters into any of the transactions set forth in this section or



95 in Section 7 of this act, shall be immune from liability under the
96 federal and state antitrust laws and are provided with state
97 action immunity from federal and state antitrust laws to the
98 fullest extent possible; however, the state action immunity from
99 federal and state antitrust laws shall not apply:

100 (i) To health care facility acquisitions or joint
101 ventures in which the regional health care authority does not
102 maintain a majority, controlling interest in the acquired health
103 care facility or joint venture; or

104 (ii) Outside of the geographic area bordered by
105 U.S. Interstate Highway 20 on the northern border, U.S. Interstate
106 Highway 10 on the southern border, U.S. Interstate 55 on the
107 western border, and the state line border between Mississippi and
108 Alabama on the eastern border.

109 Additionally, the state action immunity from federal and
110 state antitrust laws shall not apply to any private party that
111 becomes the successor to the regional health care authority
112 through the purchase or lease of the authority.

113 (e) It is the intent of the Legislature that this act
114 be liberally construed so as to give effect to the intent,
115 purposes and findings described in this section, and insofar as
116 the provisions of this act may be inconsistent with the provisions
117 of any other law, the provisions of this act shall be controlling.



118 **SECTION 2. Definitions.** As used in this act, the following
119 words and phrases have the meanings as defined in this section
120 unless the context clearly indicates otherwise:

121 (a) "Authority" or "regional health care authority"
122 means a regional health care authority established as a public
123 body in accordance with this act for the purposes and with the
124 powers set forth in this act.

125 (b) "Board" or "board of trustees" means the board of
126 trustees of the authority.

127 (c) "Code" means the Mississippi Code of 1972, as
128 amended.

129 (d) "Community hospital" has the meaning as defined in
130 Section 41-13-10(c).

131 (e) "Health care facility" means and includes
132 hospitals, psychiatric hospitals, chemical dependency hospitals,
133 skilled nursing facilities, end-stage renal disease facilities,
134 ambulatory surgical facilities, home health agencies,
135 comprehensive medical rehabilitation facilities, and all other
136 facilities and programs established or operated for the provision
137 or offering of health care services and related services.

138 (f) "Owner" means and includes the owners, as defined
139 in Section 41-13-10(d), of any community hospital located in
140 Forrest County, Mississippi, or Harrison County, Mississippi.

141 **SECTION 3. Conversion of community hospital into health care**
142 **authority.** The owner may convert any community hospital owned by



143 the owner into a regional health care authority through the
144 following process:

145 (a) Whenever the board of trustees of any community
146 hospital owned by the owner decides that it is in its best
147 interests to convert the community hospital into the regional
148 health care authority, it shall adopt a resolution setting forth
149 why such a conversion is in the best interests of the public, and
150 recommending that the owner consider such a conversion.

151 (b) Upon receipt of the board of trustees' resolution
152 recommending conversion of the community hospital into the
153 regional health care authority, the owner shall review and
154 consider whether such a conversion is in the best interests of the
155 communities served by the community hospital. The owner may
156 engage a competent professional health care or management
157 consulting firm to evaluate the proposed conversion.

158 (c) As part of this evaluation process, the owner shall
159 approve a resolution calling for a public hearing on the question
160 of converting the community hospital owned by the owner into the
161 regional health care authority. Notice of the date, hour, place
162 and purpose of the public hearing shall be published at least once
163 each week for two (2) consecutive weeks in a newspaper of general
164 circulation in the county of the owner, the last such publication
165 to be at least one (1) week before the date set for the hearing.
166 The public hearing shall be conducted before the owner, and all
167 interested persons shall have the opportunity to be heard.



168 (d) After the public hearing, if the owner decides to
169 convert the community hospital into the regional health care
170 authority, it shall adopt a resolution setting forth why such
171 conversion is in the best interests of the public and the
172 residents of the areas served by the community hospital. The
173 resolution shall:

174 (i) Declare and establish the regional health care
175 authority;

176 (ii) Designate the principal office address of the
177 authority; and

178 (iii) Approve the appointment of the board of
179 trustees of the authority as provided for in Section 5 of this
180 act.

181 The resolution shall be duly adopted at any regular or
182 special meeting, or any adjournment of a regular or special
183 meeting, of the owner and shall be duly spread upon its minutes.
184 Any such resolution shall be sufficient for the purposes of this
185 paragraph (d) if it indicates an intention to obtain the benefits
186 of this act. Upon the adoption of such a resolution by the owner,
187 the regional health care authority shall become and constitute a
188 public body, and a body politic, with all of the powers under this
189 act. The adoption of the resolution shall have the effect of also
190 conferring on and delegating to the board of trustees of the
191 regional health care authority, and the officers and members of
192 such board, the same authority, powers, rights, privileges and



193 immunities with respect to the operation and maintenance of the
194 regional health care authority as are conferred on the board of
195 trustees, and the officers and members thereof, of community
196 hospitals established and organized under the provisions of
197 Sections 41-13-15 through 41-13-53 of the Code, except as amended
198 by or otherwise provided in this act. The regional health care
199 authority established under this act shall be and constitute a
200 political subdivision of the state, and shall hold, have and enjoy
201 all of the rights, benefits and privileges accorded political
202 subdivisions of the state under the Mississippi Constitution, the
203 Code, or otherwise.

204 (e) If the regional health care authority is
205 established under this act, the owner may enter into an agreement
206 with the authority for the orderly transfer and conveyance to the
207 authority of the community hospital, and any and all health care
208 facilities and all other properties, real or personal, and all
209 funds and assets, tangible or intangible, relative to the
210 ownership or operation of the community hospital and such health
211 care facilities that may be owned by such owner, and all other
212 permits, certificates, certificates of need, licenses, regulatory
213 rights and interests, functions and outstanding obligations of the
214 community hospital. Such transfer or conveyance shall be
215 authorized by a resolution duly adopted by the owner.

216 (f) In any suit, action or proceeding involving the
217 validity or enforcement of or related to any contract of the



218 regional health care authority, the authority shall be
219 conclusively deemed to have been established in accordance with
220 this act upon proof of the adoption of the resolution by the
221 owner. A copy of such resolution, duly certified by the secretary
222 of the owner, shall be admissible in evidence in any such suit,
223 action or proceeding, and shall be conclusive proof of the
224 establishment of the authority.

225 (g) The regional health care authority established
226 under this act may assume and be assigned any and all contracts,
227 leases and other legal obligations of the community hospital owned
228 by the owner, along with all accompanying rights, interests and
229 privileges, upon the approval of the board of trustees of the
230 regional health care authority as set forth in a resolution
231 adopted by such board.

232 (h) Notwithstanding any other provision of this act,
233 the owner may not convert a community hospital into a regional
234 health care authority if the community hospital is managed or
235 controlled by a private party.

236 **SECTION 4. Board of trustees.** The owner is authorized to
237 appoint trustees for the purpose of operating and governing the
238 regional health care authority, as follows:

239 (a) The board of trustees shall consist of nine (9)
240 members. Five (5) of the trustees shall be adult legal residents
241 of the county for which the owner serves as the governing
242 authority, and the remaining four (4) trustees shall be adult



243 legal residents of any county located south of U.S. Interstate
244 Highway 20.

245 (b) Initially, the board of trustees shall be appointed
246 as follows: one (1) for a term of one (1) year, two (2) for a
247 term of two (2) years, two (2) for a term of three (3) years, two
248 (2) for a term of four (4) years, and two (2) for a term of five
249 (5) years. Thereafter, all terms shall be for five (5) years from
250 the expiration date of the previous term. Any vacancy on the
251 board of trustees shall be filled within ninety (90) days by
252 appointment by the owner for the remainder of the unexpired term.

253 (c) In order to be eligible for appointment as a
254 trustee, the appointee must have no felony convictions and possess
255 at least a high school diploma or the equivalent. The appointee
256 may not own an interest in, or be an officer or employee of, a
257 company or business that provides goods or services in direct
258 competition with the regional health care authority, and the
259 appointee's spouse may not own an interest in, or be an officer or
260 employee of, such company or business.

261 (d) The owner may remove a trustee after appointment
262 for good cause shown, upon a unanimous vote of all members of the
263 governing board of the owner, or upon a majority vote of the
264 governing board of the owner after a recommendation from the board
265 of trustees of the regional health care authority that the trustee
266 be removed. The owner may likewise remove a trustee from office
267 upon a majority vote of the governing board of the owner for



268 failure of the trustee to attend at least fifty percent (50%) of
269 the regularly scheduled meetings of the board of trustees during
270 the twelve-month period preceding the vote, or for violation of
271 any statute relating to the responsibilities of the trustee's
272 office, based upon the recommendation of the majority of the
273 remaining trustees.

274 (e) The board of trustees provided for in this section
275 may, in its discretion, where funds are available, compensate each
276 trustee per diem in at least the amount established by Section
277 25-3-69 up to the maximum amount of not more than One Hundred
278 Fifty Dollars (\$150.00) for each meeting of the board of trustees
279 or meeting of a committee established by the board of trustees
280 where the trustee was in attendance, and in addition thereto,
281 provide meals at the meetings and compensate each member attending
282 travel expenses at the rate authorized by Section 25-3-41 for
283 actual mileage traveled to and from the place of meeting.

284 (f) The members of the board of trustees of the
285 regional health care authority may, at the discretion of the
286 board, choose to participate in any hospital medical benefit plan
287 or health insurance plan of the authority, whether self-funded or
288 otherwise, which may be in effect for authority employees. Any
289 member of the board of trustees choosing to participate in such
290 plan shall pay the same amount for his or her participation in the
291 plan as authority employees are required to pay for their
292 participation in such plan.



293 **SECTION 5. Certain powers and authority of owners and boards**
294 **of trustees of community hospitals granted to owner and board of**
295 **trustees of regional health care authority.** The owner and the
296 board of trustees of the regional health care authority shall
297 have, respectively, the same powers, authority, rights, privileges
298 and immunities conferred on the owners and the boards of trustees
299 of community hospitals, as set forth in Sections 41-13-11 through
300 41-13-53, inclusive, and Sections 41-13-101 through 41-13-107,
301 inclusive, except as amended by or otherwise provided in this act,
302 and further, except as follows:

303 (a) Any contract for the purchase of real property by
304 the board of trustees of the authority shall not require
305 ratification or approval by the owner;

306 (b) The borrowing authority of the board of trustees of
307 the authority shall not be subject to any limitation, restriction
308 or prior approval by the owner, as set forth in
309 Section 41-13-35(5)(k);

310 (c) The board of trustees of the regional health care
311 authority shall not be required to submit to the owner a proposed
312 budget for the ensuing fiscal year, as set forth in Section
313 41-13-47, and the owner shall not be required to approve such
314 budget; and

315 (d) The board of trustees shall not be required to file
316 with the owner a full fiscal year report, as set forth in Section
317 41-13-47.



318 **SECTION 6. Additional powers of board of trustees of**

319 **authority.** In addition to the powers otherwise granted by this
320 act or any other act or law of this state, or by any state
321 regulation or federal law or regulation, and to the extent at the
322 time not prohibited by the Mississippi Constitution, in order to
323 achieve the important health care purposes of this act, the board
324 of trustees of the regional health care authority shall have,
325 together with all powers incidental thereto or necessary to
326 discharge the powers granted specifically in this act, the
327 following powers and authority:

328 (a) To acquire hospitals, health care facilities and
329 other health care-related operations and assets, through direct
330 purchase, merger, consolidation, lease or other means;

331 (b) To enter into joint ventures, joint operating
332 agreements, or similar arrangements with other public or private
333 health-care related organizations, or with for-profit or nonprofit
334 corporations, limited liability companies, or other organizations,
335 either directly or through a nonprofit corporation formed or owned
336 by the regional health care authority, for the joint operation of
337 all or part of the regional health care authority, or the joint
338 operation of any health care facilities or health care services,
339 and in doing so, to convey the regional health care authority's
340 assets, service lines, or facilities to the joint venture or to
341 any other organization or entity for fair market value, and to



342 provide for contracts of employment or contracts for services and
343 ownership of property that will protect the public interest;

344 (c) To make capital contributions, loans, debt or
345 equity financing to or for any joint venture or similar
346 arrangement in which the regional health care authority, or any
347 nonprofit corporation formed or owned by the regional health care
348 authority, has or acquires an ownership interest, and to guarantee
349 loans and any other obligations for such purposes;

350 (d) To establish arrangements for the regional health
351 care authority to participate in financial integration and/or
352 clinical integration or clinically integrated networks with a
353 joint venture, with other public or private health-related
354 organizations, or through a joint operating agreement;

355 (e) To have an ownership interest in, make capital
356 contributions to, and assume financial risk under, accountable
357 care organizations or similar organizations;

358 (f) To enter into any contract for a term of any
359 length, regardless of whether the length or term of the contract
360 exceeds the term of the board of trustees of the regional health
361 care authority;

362 (g) To elect any or all of the members of the board of
363 directors of any nonprofit corporation of which the authority is a
364 member;



365 (h) To create, establish, acquire, operate or support
366 subsidiaries and affiliates, either for-profit or nonprofit, to
367 assist the authority in fulfilling its purposes;

368 (i) To create, establish or support nonaffiliated for
369 profit or nonprofit corporations or other lawful business
370 organizations that operate and have as their purposes the
371 furtherance of the authority's purposes;

372 (j) Without limiting the generality of any provisions
373 of this section, to accomplish and facilitate the creation,
374 establishment, acquisition, operation or support of any such
375 subsidiary, affiliate, nonaffiliated corporation or other lawful
376 business organization, by means of loans of funds, acquisition or
377 transfer of assets, leases of real or personal property, gifts and
378 grants of funds or guarantees of indebtedness of such
379 subsidiaries, affiliates and nonaffiliated corporations;

380 (k) To operate and provide health care and all other
381 services, and to perform all other activities that the regional
382 health care authority is authorized to perform;

383 (l) To exercise all powers granted under this section
384 in such a manner as the authority, through its board of trustees,
385 may determine to be consistent with the purposes of this act,
386 including the state action immunity provided by this act from
387 state and federal antitrust laws to the fullest extent possible,
388 notwithstanding that as a consequence of such exercise of such
389 powers it engages in activities that may be deemed



390 "anticompetitive" or which displace competition within the meaning
391 or contemplation of the antitrust laws of this state or of the
392 United States; and

393 (m) To have and exercise all powers necessary or
394 convenient to effect any or all the purposes for which an
395 authority is organized.

396 **SECTION 7. Liability and insurance.** The board of trustees
397 of the authority is authorized, in its discretion, to obtain and
398 pay for, out of operating funds of the authority, liability
399 insurance as described in Section 41-13-11.

400 **SECTION 8. Immunity of authority from liability and suit.**
401 The authority shall be deemed a "governmental entity" and
402 "political subdivision" as defined in Section 11-46-1, and as
403 such, shall be entitled to all of the rights, privileges, benefits
404 and immunities set forth in Sections 11-46-1 through 11-46-23, and
405 shall be subject to all terms and provisions of those sections.

406 **SECTION 9. Issuance of bonds.** The owner is authorized and
407 empowered to make appropriations of funds and to issue and sell
408 bonds, notes or other evidences of indebtedness thereof, for the
409 benefit of the authority, in the same manner as, and subject to
410 all duties, obligations and provisions set forth in Sections
411 41-13-19, 41-13-21, 41-13-23, 41-13-24, and 41-13-25.

412 **SECTION 10. Trust to insure against public liability claims.**
413 The authority is authorized to establish, maintain, administer and
414 operate any trust as described in Section 41-13-101 and, in such



415 event, shall be subject to the terms, provisions and requirements
416 of Sections 41-13-101 through 41-13-107.

417 **SECTION 11. Statewide personnel system.** The authority
418 established under this act and its employees, in the discretion of
419 the authority's board of trustees, may be part of the Statewide
420 Personnel System and subject to all provisions set forth in
421 Sections 25-9-101 through 25-9-177.

422 **SECTION 12. Retirement and disability benefits.** The
423 authority established by this act is authorized to participate in
424 any and all public employees' retirement and disability benefits,
425 plans and programs as set forth in Sections 25-11-1 through
426 25-11-145.

427 **SECTION 13. Medicaid.** The authority established under this
428 act shall be treated as a nonstate governmental hospital, and
429 shall have all rights, privileges and entitlements of a nonstate
430 governmental hospital for purposes of the Mississippi Medicaid
431 program, its implementing statutes and regulations.

432 **SECTION 14. Implied powers.** In addition to all of the other
433 powers conferred upon it in this act, the regional health care
434 authority may do all things necessary and convenient to carry out
435 the powers expressly given in this act.

436 **SECTION 15. Severability.** If any section or provision of
437 this act or its application to any person or circumstance is held
438 invalid, the invalidity shall not affect other provisions or
439 applications of the act that can be given effect without the



440 invalid provision or application, and to this end the sections and
441 provisions of this act are severable.

442 **SECTION 16.** It is the further intent of the Legislature to
443 consider legislation authorizing the establishment of a similar
444 health care authority by the state's academic medical center
445 operated by a public university under Chapter 115, Title 37,
446 Mississippi Code of 1972.

447 **SECTION 17.** This act shall take effect and be in force from
448 and after July 1, 2022.

