

By: Representative Bain

To: Public Health and Human Services

HOUSE BILL NO. 1296

1 AN ACT TO AMEND SECTION 41-13-35, MISSISSIPPI CODE OF 1972,  
 2 TO EXPAND THE POWERS AND AUTHORITY OF THE BOARDS OF TRUSTEES OF  
 3 COMMUNITY HOSPITALS; TO PROVIDE FOR STATE ACTION IMMUNITY FROM  
 4 STATE AND FEDERAL ANTITRUST LAWS FOR COMMUNITY HOSPITALS; TO AMEND  
 5 SECTION 41-13-29, MISSISSIPPI CODE OF 1972, TO INCREASE THE  
 6 MAXIMUM AMOUNT THAT A BOARD OF TRUSTEES OF A COMMUNITY HOSPITAL  
 7 MAY COMPENSATE EACH TRUSTEE FOR ATTENDING MEETINGS OF THE BOARD OF  
 8 TRUSTEES; TO BRING FORWARD SECTION 41-13-15, MISSISSIPPI CODE OF  
 9 1972, WHICH PRESCRIBES THE PROCEDURES FOR THE LEASE OR SALE OF A  
 10 COMMUNITY HOSPITAL, FOR THE PURPOSE OF POSSIBLE AMENDMENT; TO  
 11 AMEND SECTION 37-115-50, MISSISSIPPI CODE OF 1972, TO DEFINE  
 12 "HEALTH CARE COLLABORATIVE" FOR THE PURPOSE OF JOINT AGREEMENTS OF  
 13 THE UNIVERSITY OF MISSISSIPPI MEDICAL CENTER; TO CREATE NEW  
 14 SECTION 37-115-50.2, MISSISSIPPI CODE OF 1972, TO MAKE CERTAIN  
 15 LEGISLATIVE FINDINGS ABOUT THE OPERATIONS OF THE MEDICAL CENTER  
 16 AND TO PROVIDE FOR STATE ACTION IMMUNITY FROM STATE AND FEDERAL  
 17 ANTITRUST LAWS FOR THE MEDICAL CENTER AND HEALTH CARE  
 18 COLLABORATIVES ORGANIZED BY THE MEDICAL CENTER; TO CREATE NEW  
 19 SECTION 37-115-50.3, MISSISSIPPI CODE OF 1972, TO EXPAND THE  
 20 POWERS AND AUTHORITY OF THE MEDICAL CENTER AND ITS HEALTH CARE  
 21 COLLABORATIVES; AND FOR RELATED PURPOSES.

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

23 **SECTION 1.** Section 41-13-35, Mississippi Code of 1972, is  
 24 amended as follows:

25 41-13-35. (1) The board of trustees of any community  
 26 hospital shall have full authority to appoint an administrator,  
 27 who shall not be a member of the board of trustees, and to



28 delegate reasonable authority to such administrator for the  
29 operation and maintenance of such hospital and all property and  
30 facilities otherwise appertaining thereto.

31 (2) The board of trustees shall have full authority to  
32 select from its members, officers and committees and, by  
33 resolution or through the board bylaws, to delegate to such  
34 officers and committees reasonable authority to carry out and  
35 enforce the powers and duties of the board of trustees during the  
36 interim periods between regular meetings of the board of trustees;  
37 provided, however, that any such action taken by an officer or  
38 committee shall be subject to review by the board, and actions may  
39 be withdrawn or nullified at the next subsequent meeting of the  
40 board of trustees if the action is in excess of delegated  
41 authority.

42 (3) The board of trustees shall be responsible for governing  
43 the community hospital under its control and shall make and  
44 enforce staff and hospital bylaws and/or rules and regulations  
45 necessary for the administration, government, maintenance and/or  
46 expansion of such hospitals. The board of trustees shall keep  
47 minutes of its official business and shall comply with Section  
48 41-9-68.

49 (4) The decisions of said board of trustees of the community  
50 hospital shall be valid and binding unless expressly prohibited by  
51 applicable statutory or constitutional provisions.



52 (5) The power of the board of trustees shall specifically  
53 include, but not be limited to, the following authority:

54 (a) To deposit and invest funds of the community  
55 hospital in accordance with Section 27-105-365;

56 (b) To establish such equitable wage and salary  
57 programs and other employment benefits as may be deemed expedient  
58 or proper, and in so doing, to expend reasonable funds for such  
59 employee salary and benefits. Allowable employee programs shall  
60 specifically include, but not be limited to, medical benefit,  
61 life, accidental death and dismemberment, disability, retirement  
62 and other employee coverage plans. The hospital may offer and  
63 fund such programs directly or by contract with any third party  
64 and shall be authorized to take all actions necessary to  
65 implement, administer and operate such plans, including payroll  
66 deductions for such plans;

67 (c) To authorize employees to attend and to pay actual  
68 expenses incurred by employees while engaged in hospital business  
69 or in attending recognized educational or professional meetings;

70 (d) To enter into loan or scholarship agreements with  
71 employees or students to provide educational assistance where such  
72 student or employee agrees to work for a stipulated period of time  
73 for the hospital;

74 (e) To devise and implement employee incentive  
75 programs;



76 (f) To recruit and financially assist physicians and  
77 other health care practitioners in establishing, or relocating  
78 practices within the service area of the community hospital  
79 including, without limitation, direct and indirect financial  
80 assistance, loan agreements, agreements guaranteeing minimum  
81 incomes for a stipulated period from opening of the practice and  
82 providing free office space or reduced rental rates for office  
83 space where such recruitment would directly benefit the community  
84 hospital and/or the health and welfare of the citizens of the  
85 service area;

86 (g) To contract by way of lease, lease-purchase or  
87 otherwise, with any agency, department or other office of  
88 government or any individual, partnership, corporation, owner,  
89 other board of trustees, or other health care facility, for the  
90 providing of property, equipment or services by or to the  
91 community hospital or other entity or regarding any facet of the  
92 construction, management, funding or operation of the community  
93 hospital or any division or department thereof, or any related  
94 activity, including, without limitation, shared management  
95 expertise or employee insurance and retirement programs, and to  
96 terminate said contracts when deemed in the best interests of the  
97 community hospital;

98 (h) To file suit on behalf of the community hospital to  
99 enforce any right or claims accruing to the hospital and to defend



100 and/or settle claims against the community hospital and/or its  
101 board of trustees;

102           (i) To sell or otherwise dispose of any chattel  
103 property of the community hospital by any method deemed  
104 appropriate by the board where such disposition is consistent with  
105 the hospital purposes or where such property is deemed by the  
106 board to be surplus or otherwise unneeded;

107           (j) To let contracts for the construction, remodeling,  
108 expansion or acquisition, by lease or purchase, of hospital or  
109 health care facilities, including real property, within the  
110 service area for community hospital purposes where such may be  
111 done with operational funds without encumbering the general  
112 funds of the county or municipality, provided that any contract  
113 for the purchase of real property must be ratified by the owner;

114           (k) To borrow money and enter other financing  
115 arrangements for community hospital and related purposes and to  
116 grant security interests in hospital equipment and other hospital  
117 assets and to pledge a percentage of hospital revenues as security  
118 for such financings where needed; provided that the owner shall  
119 specify by resolution the maximum borrowing authority and maximum  
120 percent of revenue which may be pledged by the board of trustees  
121 during any given fiscal year;

122           (l) To expend hospital funds for public relations or  
123 advertising programs;



124 (m) To offer the following inpatient and outpatient  
125 services, after complying with applicable health planning,  
126 licensure statutes and regulations, whether or not heretofore  
127 offered by such hospital or other similar hospitals in this state  
128 and whether or not heretofore authorized to be offered, long-term  
129 care, extended care, home care, after-hours clinic services,  
130 ambulatory surgical clinic services, preventative health care  
131 services including wellness services, health education,  
132 rehabilitation and diagnostic and treatment services; to promote,  
133 develop, operate and maintain a center providing care or  
134 residential facilities for the aged, convalescent or handicapped;  
135 and to promote, develop and institute any other services having an  
136 appropriate place in the operation of a hospital offering complete  
137 community health care;

138 (n) To promote, develop, acquire, operate and maintain  
139 on a nonprofit basis, or on a profit basis if the community  
140 hospital's share of profits is used solely for community hospital  
141 and related purposes in accordance with this chapter, either  
142 separately or jointly with one or more other hospitals or  
143 health-related organizations, facilities and equipment for  
144 providing goods, services and programs for hospitals, other health  
145 care providers, and other persons or entities in need of such  
146 goods, services and programs and, in doing so, to provide for  
147 contracts of employment or contracts for services and ownership of  
148 property on terms that will protect the public interest;



149           (o) To establish and operate medical offices, child  
150 care centers, wellness or fitness centers and other facilities and  
151 programs which the board determines are appropriate in the  
152 operation of a community hospital for the benefit of its  
153 employees, personnel and/or medical staff which shall be operated  
154 as an integral part of the hospital and which may, in the  
155 direction of the board of trustees, be offered to the general  
156 public. If such programs are not established in existing  
157 facilities or constructed on real estate previously acquired by  
158 the owners, the board of trustees shall also have authority to  
159 acquire, by lease or purchase, such facilities and real property  
160 within the service area, whether or not adjacent to existing  
161 facilities, provided that any contract for the purchase of real  
162 property shall be ratified by the owner. The trustees shall lease  
163 any such medical offices to members of the medical staff at rates  
164 deemed appropriate and may, in its discretion, establish rates to  
165 be paid for the use of other facilities or programs by its  
166 employees or personnel or members of the public whom the trustees  
167 may determine may properly use such other facilities or programs;

168           (p) Provide, at its discretion, ambulance service  
169 and/or to contract with any third party, public or private, for  
170 the providing of such service;

171           (q) Establish a fair and equitable system for the  
172 billing of patients for care or users of services received through  
173 the community hospital, which in the exercise of the board of



174 trustees' prudent fiscal discretion, may allow for rates to be  
175 classified according to the potential usage by an identified group  
176 or groups of patients of the community hospital's services and may  
177 allow for standard discounts where the discount is designed to  
178 reduce the operating costs or increase the revenues of the  
179 community hospital. Such billing system may also allow for the  
180 payment of charges by means of a credit card or similar device and  
181 allow for payment of administrative fees as may be regularly  
182 imposed by a banking institution or other credit service  
183 organization for the use of such cards;

184 (r) To establish as an organizational part of the  
185 hospital or to aid in establishing as a separate entity from the  
186 hospital, hospital auxiliaries designed to aid the hospital, its  
187 patients, and/or families and visitors of patients, and when the  
188 auxiliary is established as a separate entity from the hospital,  
189 the board of trustees may cooperate with the auxiliary in its  
190 operations as the board of trustees deems appropriate; \* \* \*

191 (s) To make any agreements or contracts with the  
192 federal government or any agency thereof, the State of Mississippi  
193 or any agency thereof, and any county, city, town, supervisors  
194 district or election district within this state, jointly or  
195 separately, for the maintenance of charity facilities \* \* \*;

196 (t) To acquire hospitals, health care facilities and  
197 other health care-related operations and assets, through direct  
198 purchase, merger, consolidation, lease or other means;





199           (u) To enter into joint ventures, joint operating  
200 agreements, or similar arrangements with other public or private  
201 health care related organizations, or with for-profit or nonprofit  
202 corporations, limited liability companies, or other organizations,  
203 either directly or through a nonprofit corporation formed or owned  
204 by the community hospital, for the joint operation of all or part  
205 of the community hospital, or the joint operation of any health  
206 care facilities or health care services, and in doing so, to  
207 convey the community hospital's assets, service lines, or  
208 facilities to the joint venture or to any other organization or  
209 entity for fair market value, and to provide for contracts of  
210 employment or contracts for services and ownership of property  
211 that will protect the public interest;

212           (v) To form, establish, fund and operate nonprofit  
213 corporations, limited liability companies or other organizations,  
214 either directly or through a nonprofit corporation formed by the  
215 community hospital, which are jointly owned with other public or  
216 private hospitals, nonprofit or for-profit corporations, or other  
217 health care related organizations, for the purpose of conducting  
218 activities within or outside of the community hospital's service  
219 area for the benefit of the community hospital, including, but not  
220 limited to, joint hospital acquisitions, group purchasing,  
221 clinically integrated networks, payor contracting, and joint  
222 requests for federal and state grants and funding;



223 (w) To make capital contributions, loans, debt or  
224 equity financing to or for any joint venture or similar  
225 arrangement in which the community hospital, or any nonprofit  
226 corporation formed or owned by the community hospital, has or  
227 acquires an ownership interest, and to guarantee loans and any  
228 other obligations for such purposes;

229 (x) To establish arrangements for the community  
230 hospital to participate in financial integration and/or clinical  
231 integration or clinically integrated networks with a joint  
232 venture, with other public or private health-related  
233 organizations, or through a joint operating agreement;

234 (y) To have an ownership interest in, make capital  
235 contributions to, and assume financial risk under, accountable  
236 care organizations or similar organizations;

237 (z) To enter into any contract for a term of any  
238 length, regardless of whether the length or term of the contract  
239 exceeds the term of the board of trustees of the community  
240 hospital;

241 (aa) To elect any or all of the members of the board of  
242 directors of any nonprofit corporation of which the community  
243 hospital is a member;

244 (bb) To create, establish, acquire, operate or support  
245 subsidiaries and affiliates, either for-profit or nonprofit, to  
246 assist the community hospital in fulfilling its purposes;



247           (cc) To create, establish or support nonaffiliated  
248 for-profit or nonprofit corporations or other lawful business  
249 organizations that operate and have as their purposes the  
250 furtherance of the community hospital's purposes;

251           (dd) Without limiting the generality of any provisions  
252 of this section, to accomplish and facilitate the creation,  
253 establishment, acquisition, operation or support of any such  
254 subsidiary, affiliate, nonaffiliated corporation or other lawful  
255 business organization, by means of loans of funds, acquisition or  
256 transfer of assets, leases of real or personal property, gifts and  
257 grants of funds or guarantees of indebtedness of such  
258 subsidiaries, affiliates and nonaffiliated corporations;

259           (ee) To exercise all powers granted under this section  
260 in such a manner as the community hospital, through its board of  
261 trustees, may determine to be consistent with the purposes of this  
262 chapter, including the state action immunity provided by this  
263 section from state and federal antitrust laws to the fullest  
264 extent possible, notwithstanding that as a consequence of such  
265 exercise of such powers it engages in activities that may be  
266 deemed "anticompetitive" or that displace competition within the  
267 meaning or contemplation of the antitrust laws of this state or of  
268 the United States; and

269           (ff) To make contributions, as defined in Section  
270 23-15-801(e) (i), to political committees, as defined in Section  
271 23-15-801(c).



272 (6) No board of trustees of any community hospital may  
273 accept any grant of money or other thing of value from any  
274 not-for-profit or for-profit organization established for the  
275 purpose of supporting health care in the area served by the  
276 facility unless two-thirds (2/3) of the trustees vote to accept  
277 the grant.

278 (7) No board of trustees, individual trustee or any other  
279 person who is an agent or servant of the trustees of any community  
280 hospital shall have any personal financial interest in any  
281 not-for-profit or for-profit organization which, regardless of its  
282 stated purpose of incorporation, provides assistance in the form  
283 of grants of money or property to community hospitals or provides  
284 services to community hospitals in the form of performance of  
285 functions normally associated with the operations of a hospital.

286 (8) The Legislature finds and declares as follows:

287 (a) The needs of the residents of Mississippi can best  
288 be served by community hospitals having the legal, financial and  
289 operational flexibility to take full advantage of opportunities  
290 and challenges presented by the evolving health care environment  
291 and to take whatever actions are necessary to enable the community  
292 hospitals' continuation as health systems that provide the finest  
293 possible quality of care consistent with reasonable costs.

294 (b) In this environment, the community hospitals must  
295 have the ability to respond to changing conditions by having the  
296 power to develop efficient and cost-effective methods and



297 structures to provide for health care needs, while maintaining a  
298 public mission and character. In addition, community hospitals in  
299 Mississippi are political subdivisions of the state. Accordingly,  
300 the Legislature finds that there is a compelling interest in  
301 establishing a structure and process for community hospitals to  
302 adapt to this dynamic environment, to operate efficiently, to  
303 offer competitive health care services, to respond more  
304 effectively to new developments and regulatory changes in the  
305 health care area, and to continue to serve and promote the health,  
306 wellness and welfare of the citizens of Mississippi. The  
307 acquisition, operation and financing of hospitals and other health  
308 care facilities by the community hospitals are declared to be for  
309 a public and governmental purpose and a matter of public  
310 necessity.

311 (c) The geographic areas served by community hospitals  
312 include rural populations and other groups that experience  
313 significant health disparities. Health disparities are  
314 differences in health status when compared to the population  
315 overall, often characterized by indicators such as higher  
316 incidence of disease and/or disability, increased mortality rates,  
317 and lower life expectancies. Rural risk factors for health  
318 disparities include geographic isolation, lower socioeconomic  
319 status, higher rates of health risk behaviors, and limited access  
320 to health care specialists and subspecialists. As a result of  
321 these health disparities, the residents of areas served by



322 community hospitals have high rates of mortality and morbidity,  
323 heart disease, cancer, and other illnesses. The areas also  
324 include a high percentage of uninsured individuals and Medicaid  
325 patients, which are medically underserved groups. Community  
326 hospitals have demonstrated their ability to provide high quality  
327 health care and to improve health conditions and outcomes as well  
328 as access to care. The provisions of this section will  
329 significantly strengthen the ability of community hospitals to  
330 serve the health care needs of the residents of their service  
331 areas.

332 (d) The community hospitals' investment of significant  
333 public assets and their efforts to provide high quality health  
334 care services to medically underserved populations are jeopardized  
335 by potential limits on the ability of community hospitals to  
336 collaborate and consolidate with other public and private health  
337 care facilities and providers. The Legislature expressly finds  
338 that the benefits of collaboration and consolidation by the  
339 community hospitals outweigh any adverse impact on competition.  
340 The benefits of the community hospitals' efforts to collaborate  
341 and consolidate include, but are not limited to, preserving and  
342 expanding needed health care services in its service area;  
343 consolidating unneeded or duplicative health care services;  
344 enhancing the quality of, and expanding access to, health care  
345 delivered to medically underserved and rural populations; and  
346 lowering costs and improving the efficiency of the health care



347 services it delivers. Based on the findings contained in this  
348 section, the Legislature affirmatively expresses a policy to allow  
349 community hospitals to consolidate with other hospitals, health  
350 care facilities and providers and to engage in collaborative  
351 activities consistent with their health care purposes,  
352 notwithstanding that those consolidations and collaborations may  
353 have the effect of displacing competition in the provision of  
354 hospital or other health care related services. In engaging in  
355 such consolidations and collaborations with other hospitals,  
356 health care facilities and providers, the community hospital shall  
357 be considered to be acting pursuant to clearly articulated state  
358 policy as established in this section and shall not be subject to  
359 federal or state antitrust laws while so acting. With respect to  
360 the consolidations, collaborative activities and other activities  
361 contemplated in this section, the community hospital and the  
362 public or private entities with which it consolidates,  
363 collaborates, or enters into any of the transactions set forth in  
364 this section, shall be immune from liability under the federal and  
365 state antitrust laws and those activities are provided with state  
366 action immunity from federal and state antitrust laws to the  
367 fullest extent possible; however, the state action immunity from  
368 federal and state antitrust laws shall not apply to health care  
369 facility acquisitions or joint ventures in which the community  
370 hospital does not maintain a majority, controlling interest in the  
371 acquired health care facility or joint venture. Additionally,



372 state action immunity shall not apply to the activities of a  
373 community hospital that has been acquired by, leased to, or whose  
374 assets or business line is controlled in any way by, a private  
375 party.

376 **SECTION 2.** Section 41-13-29, Mississippi Code of 1972, is  
377 amended as follows:

378 41-13-29. (1) (a) The owners are authorized to appoint  
379 trustees for the purpose of operating and governing community  
380 hospitals. The owner of a community hospital may remove a trustee  
381 after appointment for good cause shown, upon a unanimous vote of  
382 all members of the governing board of the owner that appointed the  
383 trustee, or upon a majority vote of the governing board of the  
384 owner that appointed the trustee after a recommendation from the  
385 board of trustees of the hospital that the trustee be removed. To  
386 be eligible for appointment, an appointee must be an adult legal  
387 resident of the county which has an ownership interest in the  
388 community hospital or the county in which the municipality or  
389 other political subdivision holding the ownership interest in the  
390 community hospital is located. The authority to appoint trustees  
391 shall not apply to leased facilities, unless specifically reserved  
392 by the owner in the applicable lease agreement.

393 (b) The board of trustees shall consist of not more  
394 than seven (7) members nor less than five (5) members, except  
395 where specifically authorized by statute, and shall be appointed  
396 by the respective owners on a pro rata basis comparable to the





397 ownership interests in the community hospital. Where the  
398 community hospital is owned solely by a county, or any supervisors  
399 districts, judicial districts or election district of a county, or  
400 by a municipality, the trustees shall be residents of the owning  
401 entity.

402 (c) Trustees for municipally owned community hospitals  
403 shall be appointed by the governing authority of the municipality.  
404 Trustees for a community hospital owned by a county shall be  
405 appointed by the board of supervisors with each supervisor having  
406 the right to nominate one (1) trustee from his district or from  
407 the county at large. Appointments exceeding five (5) in number  
408 shall be from the county at large. Trustees for a community  
409 hospital owned solely by supervisors districts, judicial districts  
410 or election district of a county, shall be appointed by the board  
411 of supervisors of the county from nominees submitted by the  
412 supervisor or supervisors representing the owner district or  
413 districts.

414 (2) (a) Initially the board of trustees shall be appointed  
415 as follows: one (1) for a term of one (1) year, one (1) for a  
416 term of two (2) years, one (1) for a term of three (3) years, one  
417 (1) for a term of four (4) years, and one (1) for a term of five  
418 (5) years. Appointments exceeding five (5) in number shall be for  
419 terms of four (4) and five (5) years, respectively. Thereafter,  
420 all terms shall be for five (5) years. No community hospital  
421 trustee holding office on July 1, 1982, shall be affected by this



422 provision, but the terms shall be filled at the expiration thereof  
423 according to the provisions of this section; provided, however,  
424 that any other specific appointment procedures presently  
425 authorized shall likewise not be affected by the terms hereof.  
426 Any vacancy on the board of trustees shall be filled within ninety  
427 (90) days by appointment by the applicable owner for the remainder  
428 of the unexpired term.

429 (b) From and after January 1, 2016, to be eligible for  
430 appointment, an appointee must have no felony convictions, possess  
431 at least a high school diploma or the equivalent, owe no  
432 outstanding debt to the community hospital, and not be a plaintiff  
433 in any pending lawsuit against the community hospital. The  
434 appointee may not own an interest in, or be an officer or employee  
435 of, a company or business that provides goods or services in  
436 direct competition with the community hospital, nor may the  
437 appointee's spouse own an interest in, or be an officer of, such  
438 company or business.

439 (3) (a) Any community hospital erected, owned, maintained  
440 and operated by any county located in the geographical center of  
441 the State of Mississippi and in which State Highways No. 12 and  
442 No. 35 intersect, shall be operated by a board of trustees of five  
443 (5) members who have the qualifications set forth in this section  
444 to be appointed by the board of supervisors from the county at  
445 large, one (1) for a term of one (1) year, one (1) for a term of  
446 two (2) years, one (1) for a term of three (3) years, one (1) for



447 a term of four (4) years, and one (1) for a term of five (5)  
448 years. Thereafter all trustees shall be appointed from the county  
449 at large for a period of five (5) years.

450 (b) Any community hospital erected, owned, maintained  
451 and operated by any county situated in the Yazoo-Mississippi Delta  
452 Levee District and bordering on the Mississippi River and having a  
453 population of not less than forty-five thousand (45,000) and  
454 having an assessed valuation of not less than Thirty Million  
455 Dollars (\$30,000,000.00) for the year 1954, shall be operated by a  
456 board of trustees which may consist of not more than eleven (11)  
457 members who have the qualifications set forth in this section.

458 (c) Any hospital erected, owned, maintained and  
459 operated by any county having two (2) judicial districts, which is  
460 traversed by U.S. Interstate Highway 59, which intersects Highway  
461 84 therein, shall be operated by a board of trustees which shall  
462 consist of seven (7) members who have the qualifications set forth  
463 in this section. The first seven (7) members appointed under  
464 authority of this paragraph shall be appointed by the board of  
465 supervisors for terms as follows:

466 Each supervisor of Supervisors Districts One and Two shall  
467 nominate and the board of supervisors shall appoint one (1) person  
468 from each said beat for a one-year term. Each supervisor of  
469 Supervisors Districts Three and Four shall nominate and the board  
470 of supervisors shall appoint one (1) person from each beat for a  
471 two-year term. The supervisor of Supervisors District Five shall



472 nominate and the board of supervisors shall appoint one (1) person  
473 from the beat for a three-year term. The medical staff at the  
474 hospital shall submit a list of four (4) nominees and the  
475 supervisors shall appoint two (2) trustees from the list of  
476 nominees, one (1) for a three-year term and one (1) for a one-year  
477 term. Thereafter, as the terms of the board of trustee members  
478 authorized by this paragraph expire, all but the trustee  
479 originally appointed from the medical staff nominees for a  
480 one-year term shall be appointed by the board of supervisors for  
481 terms of three (3) years. The term of the trustee originally  
482 appointed from the medical staff nominees by the board of  
483 supervisors for a term of one (1) year shall remain a term of one  
484 (1) year and shall thereafter be appointed for a term of one (1)  
485 year. The two (2) members appointed from medical staff nominees  
486 shall be appointed from a list of two (2) nominees for each  
487 position to be submitted by the medical staff of the hospital for  
488 each vacancy to be filled. It is the intent of the Legislature  
489 that the board of trustees which existed prior to July 1, 1985,  
490 was abolished by amendment to this section under Section 5,  
491 Chapter 511, Laws of 1985, and the amendment authorized the  
492 appointment of a new board of trustees on or after July 1, 1985,  
493 in the manner provided in this paragraph. Any member of the board  
494 of trustees which existed before July 1, 1985, who has the  
495 qualifications set forth in this section shall be eligible for  
496 reappointment subject to the provisions of this paragraph.



497 (d) Any community hospital erected, owned, maintained  
498 and operated by any county bordering on the Mississippi River  
499 having two (2) judicial districts, wherein U.S. Highway 61 and  
500 Mississippi Highway 8 intersect, lying wholly within a levee  
501 district, shall be operated by a board of trustees which may  
502 consist of not more than nine (9) members who have the  
503 qualifications set forth in this section.

504 (e) Any community hospital system owned, maintained and  
505 operated by any county bordering on the Gulf of Mexico and the  
506 State of Alabama shall be operated by a board of trustees  
507 constituted as follows: seven (7) members shall be selected as  
508 provided in subsection (1) of this section and two (2) advisors  
509 who shall be the chiefs of staff at those hospitals which are a  
510 part of the hospital system; the members must have the  
511 qualifications set forth in this section. The term of the chiefs  
512 of staff on the board of trustees shall coincide with their  
513 service as chiefs of staff at their respective hospitals.

514 (4) Any community hospital owned, maintained and operated by  
515 any county wherein Mississippi Highways 16 and 19 intersect,  
516 having a land area of five hundred sixty-eight (568) square miles,  
517 and having a population in excess of twenty-three thousand seven  
518 hundred (23,700) according to the 1980 federal decennial census,  
519 shall be operated by a board of trustees of five (5) members who  
520 have the qualifications set forth in this section, one (1) of whom  
521 shall be elected by the qualified electors of each supervisors



522 district of the county in the manner provided herein. Each member  
523 so elected shall be a resident and qualified elector of the  
524 district from which he is elected. The first elected members of  
525 the board of trustees shall be elected at the regular general  
526 election held on November 4, 1986. At the election, the members  
527 of the board from Supervisors Districts One and Two shall be  
528 elected for a term of six (6) years; members of the board from  
529 Supervisors Districts Three and Four shall be elected for a term  
530 of two (2) years; and the member of the board from Supervisors  
531 District Five shall be elected for a term of four (4) years. Each  
532 subsequent member of the board shall be elected for a term of six  
533 (6) years at the same time as the general election in which the  
534 member of the county board of education representing the same  
535 supervisors district is elected. All members of the board shall  
536 take office on the first Monday of January following the date of  
537 their election. The terms of all seven (7) appointed members of  
538 the board of trustees holding office on the effective date of this  
539 act (Laws 1986, Chapter 462) shall expire on the date that the  
540 first elected members of the board take office. The board of  
541 trustees provided for herein shall not lease or sell the community  
542 hospital property under its jurisdiction unless the board of  
543 supervisors of the county calls for an election on the proposition  
544 and a majority voting in the election shall approve the lease or  
545 sale.



546           The members of the board of trustees provided for in this  
547 subsection shall be compensated a per diem and reimbursed for  
548 their expenses and mileage in the same amount and subject to the  
549 same restrictions provided for members of the county board of  
550 education in Section 37-5-21 and may, at the discretion of the  
551 board, choose to participate in any hospital medical benefit plan  
552 which may be in effect for hospital employees. Any member of the  
553 board of trustees choosing to participate in the plan shall pay  
554 the full cost of his participation in the plan so that no  
555 expenditure of hospital funds is required.

556           The name of any qualified elector who is a candidate for the  
557 community hospital board of trustees shall be placed on the ballot  
558 used in the general elections by the county election  
559 commissioners, if the candidate files with the county election  
560 commissioners, not more than ninety (90) days and not less than  
561 thirty (30) days before the date of the general election, a  
562 petition of nomination signed by not less than fifty (50)  
563 qualified electors of the county residing within each supervisors  
564 district. The candidate in each supervisors district who receives  
565 the highest number of votes cast in the district shall be declared  
566 elected.

567           (5) A board of trustees provided for herein may, in its  
568 discretion, where funds are available, compensate each trustee per  
569 diem in at least the amount established by Section 25-3-69 up to  
570 the maximum amount of not more than \* \* \* Two Hundred Dollars



571 (\$200.00) for each meeting of the board of trustees or meeting of  
572 a committee established by the board of trustees where the trustee  
573 was in attendance, and in addition thereto provide meals at the  
574 meetings and compensate each member attending travel expenses at  
575 the rate authorized by Section 25-3-41 for actual mileage traveled  
576 to and from the place of meeting.

577 (6) The owner which appointed a trustee may likewise remove  
578 him from office by majority vote for failure to attend at least  
579 fifty percent (50%) of the regularly scheduled meetings of the  
580 board during the twelve-month period preceding the vote, or for  
581 violation of any statute relating to the responsibilities of his  
582 office, based upon the recommendation of a majority of the  
583 remaining trustees.

584 (7) For community hospitals located in a county having a  
585 population of less than one hundred thousand (100,000) according  
586 to the most recent federal decennial census, the members of the  
587 board of trustees, administrator and any other officials of the  
588 community hospital as may be deemed necessary or proper by the  
589 board of trustees shall be under bond in an amount not less than  
590 Ten Thousand Dollars (\$10,000.00) nor more than One Hundred  
591 Thousand Dollars (\$100,000.00) with some surety company authorized  
592 to do business in the State of Mississippi to faithfully perform  
593 the duties of his office. For community hospitals located in a  
594 county having a population of one hundred thousand (100,000) or  
595 more according to the most recent federal decennial census, the





596 bond shall be in an amount not less than Fifty Thousand Dollars  
597 (\$50,000.00) nor more than Five Hundred Thousand Dollars  
598 (\$500,000.00). Premiums for the bonds shall be paid from funds of  
599 the community hospital.

600 (8) The members of the board of trustees of a community  
601 hospital may, at the discretion of the board, choose to  
602 participate in any hospital medical benefit plan or health  
603 insurance plan, whether self-funded or otherwise, which may be in  
604 effect for hospital employees. Any member of the board of  
605 trustees choosing to participate in such plan shall pay the same  
606 amount for his or her participation in the plan as hospital  
607 employees are required to pay for their participation in such  
608 plan.

609 **SECTION 3.** Section 41-13-15, Mississippi Code of 1972, is  
610 brought forward as follows:

611 41-13-15. (1) Any county and/or any political or judicial  
612 subdivision of a county and/or any municipality of the State of  
613 Mississippi, acting individually or jointly, may acquire and hold  
614 real estate for a community hospital either recognized and/or  
615 licensed as such by either the State of Mississippi or the United  
616 States Government, and may, after complying with applicable health  
617 planning and licensure statutes, construct a community hospital  
618 thereon and/or appropriate funds according to the provisions of  
619 this chapter for the construction, remodeling, maintaining,



620 equipping, furnishing and expansion of such facilities by the  
621 board of trustees upon such real estate.

622 (2) Where joint ownership of a community hospital is  
623 involved, the owners are hereby authorized to contract with each  
624 other for determining the pro rata ownership of such community  
625 hospital, the proportionate cost of maintenance and operation, and  
626 the proportionate financing that each will contribute to the  
627 community hospital.

628 (3) The owners may likewise contract with each other, or on  
629 behalf of any subordinate political or judicial subdivision, or  
630 with the board of trustees of a community hospital, and/or any  
631 agency of the State of Mississippi or the United States  
632 Government, for necessary purposes related to the establishment,  
633 operation or maintenance of community hospitals and related  
634 programs wherever located, and may either accept from, sell or  
635 contribute to the other entities, monies, personal property or  
636 existing health facilities. The owners or the board of trustees  
637 may also receive monies, property or any other valuables of any  
638 kind through gifts, donations, devises or other recognized means  
639 from any source for the purpose of hospital use.

640 (4) Owners and boards of trustees, acting jointly or  
641 severally, may acquire and hold real estate for offices for  
642 physicians and other health care practitioners and related health  
643 care or support facilities, provided that any contract for the  
644 purchase of real property must be ratified by the owner, and may



645 thereon construct and equip, maintain and remodel or expand such  
646 offices and related facilities, and the board of trustees may  
647 lease same to members of the hospital staff or others at a rate  
648 deemed to be in the best interest of the community hospital.

649 (5) If any political or judicial subdivision of a county is  
650 obligated hereunder, the boundaries of such district shall not be  
651 altered in such a manner as to relieve any portion thereof of its  
652 obligation hereunder.

653 (6) Owners may convey to any other owner any or all  
654 property, real or personal, comprising any existing community  
655 hospital, including related facilities, wherever located, owned by  
656 such conveying owner. Such conveyance shall be upon such terms  
657 and conditions as may be agreed upon and may make such provisions  
658 for transfers of operating funds and/or for the assumption of  
659 liabilities of the community hospital as may be deemed appropriate  
660 by the respective owners.

661 (7) (a) Except as provided for in subsection (11) of this  
662 section, owners may lease all or part of the property, real or  
663 personal, comprising a community hospital, including any related  
664 facilities, wherever located, and/or assets of such community  
665 hospital, to any individual, partnership or corporation, whether  
666 operating on a nonprofit basis or on a profit basis, or to the  
667 board of trustees of such community hospital or any other owner or  
668 board of trustees, subject to the applicable provisions of  
669 subsections (8), (9) and (10) of this section. The term of such



670 lease shall not exceed fifty (50) years. Such lease shall be  
671 conditioned upon (i) the leased facility continuing to operate in  
672 a manner safeguarding community health interests; (ii) the  
673 proceeds from the lease being first applied against such bonds,  
674 notes or other evidence of indebtedness as are issued pursuant to  
675 Section 41-13-19 as and when they are due, provided that the terms  
676 of the lease shall cover any indebtedness pursuant to Section  
677 41-13-19; and (iii) any surplus proceeds from the lease being  
678 deposited in the general fund of the owner, which proceeds may be  
679 used for any lawful purpose. Such lease shall be subject to the  
680 express approval of the board of trustees of the community  
681 hospital, except in the case where the board of trustees of the  
682 community hospital will be the lessee. However, owners may not  
683 lease any community hospital to the University of Mississippi  
684 Medical Center unless first the University of Mississippi Medical  
685 Center has obtained authority to lease such hospital under  
686 specific terms and conditions from the Board of Trustees of State  
687 Institutions of Higher Learning.

688 If the owner wishes to lease a community hospital without an  
689 option to sell it and the approval of the board of trustees of the  
690 community hospital is required but is not given within thirty (30)  
691 days of the request for its approval by the owner, then the owner  
692 may enter such lease as described herein on the following  
693 conditions: A resolution by the owner describing its intention to  
694 enter such lease shall be published once a week for at least three



695 (3) consecutive weeks in at least one (1) newspaper published in  
696 the county or city, as the case may be, or if none be so  
697 published, in a newspaper having a general circulation therein.  
698 The first publication of such notice shall be made not less than  
699 twenty-one (21) days prior to the date fixed in such resolution  
700 for the lease of the community hospital and the last publication  
701 shall be made not more than seven (7) days prior to such date.  
702 If, on or prior to the date fixed in such resolution for the lease  
703 of the community hospital, there shall be filed with the clerk of  
704 the owner a petition signed by twenty percent (20%) or fifteen  
705 hundred (1500), whichever is less, of the qualified voters of such  
706 owner, requesting that an election be called and held on the  
707 question of the lease of the community hospital, then it shall be  
708 the duty of the owner to call and provide for the holding of an  
709 election as petitioned for. In such case, no such lease shall be  
710 entered into unless authorized by the affirmative vote of the  
711 majority of the qualified voters of such owner who vote on the  
712 proposition at such election. Notice of such election shall be  
713 given by publication in like manner as hereinabove provided for  
714 the publication of the initial resolution. Such election shall be  
715 conducted and the return thereof made, canvassed and declared as  
716 nearly as may be in like manner as is now or may hereafter be  
717 provided by law in the case of general elections in such owner.  
718 If, on or prior to the date fixed in the owner's resolution for  
719 the lease of the community hospital, no such petition as described



720 above is filed with the clerk of the owner, then the owner may  
721 proceed with the lease subject to the other requirements of this  
722 section. Subject to the above conditions, the lease agreement  
723 shall be upon such terms and conditions as may be agreed upon and  
724 may make such provision for transfers of tangible and intangible  
725 personal property and operating funds and/or for the assumption of  
726 liabilities of the community hospital and for such lease payments,  
727 all as may be deemed appropriate by the owners.

728 (b) Owners may sell and convey all or part of the  
729 property, real or personal, comprising a community hospital,  
730 including any related facilities, wherever located, and/or assets  
731 of such community hospital, to any individual, partnership or  
732 corporation, whether operating on a nonprofit basis or on a profit  
733 basis, or to the board of trustees of such community hospital or  
734 any other owner or board of trustees, subject to the applicable  
735 provisions of subsections (8) and (10) of this section. Such sale  
736 and conveyance shall be upon such terms and conditions as may be  
737 agreed upon by the owner and the purchaser that are consistent  
738 with the requirements of this section, and the parties may make  
739 such provisions for the transfer of operating funds or for the  
740 assumption of liabilities of the facility, or both, as they deem  
741 appropriate. However, such sale and conveyance shall be  
742 conditioned upon (i) the facility continuing to operate in a  
743 manner safeguarding community health interests; (ii) the proceeds  
744 from such sale being first applied against such bonds, notes or



745 other evidence of indebtedness as are issued pursuant to Section  
746 41-13-19 as and when they are due, provided that the terms of the  
747 sale shall cover any indebtedness pursuant to Section 41-13-19;  
748 and (iii) any surplus proceeds from the sale being deposited in  
749 the general fund of the owner, which proceeds may be used for any  
750 lawful purpose. However, owners may not sell or convey any  
751 community hospital to the University of Mississippi Medical Center  
752 unless first the University of Mississippi Medical Center has  
753 obtained authority to purchase such hospital under specific terms  
754 and conditions from the Board of Trustees of State Institutions of  
755 Higher Learning.

756 (8) Whenever any owner decides that it may be in its best  
757 interests to sell or lease a community hospital as provided for  
758 under subsection (7) of this section, the owner shall first  
759 contract with a certified public accounting firm, a law firm or  
760 competent professional health care or management consultants to  
761 review the current operating condition of the community hospital.  
762 The review shall consist of, at minimum, the following:

763 (a) A review of the community's inpatient facility  
764 needs based on current workload, historical trends and  
765 projections, based on demographic data, of future needs.

766 (b) A review of the competitive market for services,  
767 including other hospitals which serve the same area, the services  
768 provided and the market perception of the competitive hospitals.



769 (c) A review of the hospital's strengths relative to  
770 the competition and its capacity to compete in light of projected  
771 trends and competition.

772 (d) An analysis of the hospital's options, including  
773 service mix and pricing strategies. If the study concludes that a  
774 sale or lease should occur, the study shall include an analysis of  
775 which option would be best for the community and how much revenues  
776 should be derived from the lease or sale.

777 (9) After the review and analysis under subsection (8) of  
778 this section, an owner may choose to sell or lease the community  
779 hospital. If an owner chooses to sell such hospital or lease the  
780 hospital with an option to sell it, the owner shall follow the  
781 procedure specified in subsection (10) of this section. If an  
782 owner chooses to lease the hospital without an option to sell it,  
783 it shall first spread upon its minutes why such a lease is in the  
784 best interests of the persons living in the area served by the  
785 facility to be leased, and it shall make public any and all  
786 findings and recommendations made in the review required under  
787 proposals for the lease, which shall state clearly the minimum  
788 required terms of all respondents and the evaluation process that  
789 will be used when the owner reviews the proposals. The owner  
790 shall lease to the respondent submitting the highest and best  
791 proposal. In no case may the owner deviate from the process  
792 provided for in the request for proposals.





793 (10) If an owner wishes to sell such community hospital or  
794 lease the hospital with an option to sell it, the owner first  
795 shall conduct a public hearing on the issue of the proposed sale  
796 or lease with an option to sell the hospital. Notice of the date,  
797 time, location and purpose of the public hearing shall be  
798 published once a week for at least three (3) consecutive weeks in  
799 at least one (1) newspaper published in the county or city, as the  
800 case may be, or if none be so published, in a newspaper having a  
801 general circulation therein. The first publication of the notice  
802 shall be made not less than twenty-one (21) days before the date  
803 of the public hearing and the last publication shall be made not  
804 more than seven (7) days before that date. If there is filed with  
805 the clerk of the owner not more than twenty-one (21) days after  
806 the date of the public hearing, a petition signed by twenty  
807 percent (20%) or fifteen hundred (1500), whichever is less, of the  
808 qualified voters of the owner, requesting that an election be  
809 called and held on the question of whether the owner should  
810 proceed with the process of seeking proposals for the sale or  
811 lease with an option to sell the hospital, then it shall be the  
812 duty of the owner to call and provide for the holding of an  
813 election as petitioned for. Notice of the election shall be given  
814 by publication in the same manner as provided for the publication  
815 of the notice of the public hearing. The election shall be  
816 conducted and the return thereof made, canvassed and declared in  
817 the same manner as provided by law in the case of general



818 elections in the owner. If less than a majority of the qualified  
819 voters of the owner who vote on the proposition at such election  
820 vote in favor of the owner proceeding with the process of seeking  
821 proposals for the sale or lease with an option to sell the  
822 hospital, then the owner is not authorized to sell or lease the  
823 hospital. If a majority of the qualified voters of the owner who  
824 vote on the proposition at such election vote in favor of the  
825 owner proceeding with the process of seeking proposals for the  
826 sale or lease with an option to sell the hospital, then the owner  
827 may seek proposals for the sale or lease of the hospital. If no  
828 such petition is timely filed with the clerk of the owner, then  
829 the owner may proceed with the process of seeking proposals for  
830 the sale or lease with an option to sell the hospital. The owner  
831 shall adopt a resolution describing its intention to sell or lease  
832 with an option to sell the hospital, which shall include the  
833 owner's reasons why such a sale or lease is in the best interests  
834 of the persons living in the area served by the facility to be  
835 sold or leased. The owner then shall publish a copy of the  
836 resolution; the requirements for proposals for the sale or lease  
837 with an option to sell the hospital, which shall state clearly the  
838 minimum required terms of all respondents and the evaluation  
839 process that will be used when the owner reviews the proposals;  
840 and the date proposed by the owner for the sale or lease with an  
841 option to sell the hospital. Such publication shall be made once  
842 a week for at least three (3) consecutive weeks in at least one



843 (1) newspaper published in the county or city, as the case may be,  
844 or if none be so published, in a newspaper having a general  
845 circulation therein. The first publication of the notice shall be  
846 made not less than twenty-one (21) days before the date proposed  
847 for the sale or lease with an option to sell the hospital and the  
848 last publication shall be made not more than seven (7) days before  
849 that date. After receiving proposals, such sale or lease shall be  
850 made to the respondent submitting the highest and best proposal.  
851 In no case may the owner deviate from the process provided for in  
852 the request for proposals.

853 (11) A lessee of a community hospital, under a lease entered  
854 into under the authority of Section 41-13-15, in effect prior to  
855 July 15, 1993, or an affiliate thereof, may extend or renew such  
856 lease whether or not an option to renew or extend the lease is  
857 contained in the lease, for a term not to exceed fifteen (15)  
858 years, conditioned upon (a) the leased facility continuing to  
859 operate in a manner safeguarding community health interest; (b)  
860 proceeds from the lease being first applied against such bonds,  
861 notes or other evidence of indebtedness as are issued pursuant to  
862 Section 41-13-19; (c) surplus proceeds from the lease being used  
863 for health related purposes; (d) subject to the express approval  
864 of the board of trustees of the community hospital; and (e)  
865 subject to the express approval of the owner. If no board of  
866 trustees is then existing, the owner shall have the right to enter  
867 into a lease upon such terms and conditions as agreed upon by the



868 parties. Any lease entered into under this subsection (11) may  
869 contain an option to purchase the hospital, on such terms as the  
870 parties shall agree.

871 **SECTION 4.** Section 37-115-50, Mississippi Code of 1972, is  
872 amended as follows:

873 37-115-50. For purposes of Sections 37-115-50 \* \* \* through  
874 37-115-50.3, the following terms shall have the following  
875 meanings:

876 (a) "Academic medical center" means the teaching,  
877 research, and clinical facilities and services provided,  
878 established, or operated by a public university under Chapter 115,  
879 Title 37, Mississippi Code of 1972.

880 (b) "Health sciences school" means any school of  
881 medicine, dentistry, nursing, pharmacy and any other health  
882 care-related educational program operated or provided by an  
883 academic medical center in this state.

884 (c) "Health care collaborative" means any consolidation  
885 or collaboration involving the academic center and any other  
886 public or private health care facilities and providers.

887 **SECTION 5.** The following shall be codified as Section  
888 37-115-50.2, Mississippi Code of 1972:

889 37-115-50.2. The Legislature finds and declares all of the  
890 following:

891 (a) The academic medical center and health care  
892 collaboratives organized under Section 37-115-50.1, together with



893 the Board of Trustees of State Institutions of Higher Learning  
894 under which the academic medical center operates, are each (acting  
895 individually and collectively) performing essential public  
896 functions on behalf of the state, and other governmental entities  
897 in the state.

898 (b) The needs of the residents of Mississippi can best  
899 be served by the academic medical center and health care  
900 collaboratives having the legal, financial and operational  
901 flexibility to take full advantage of opportunities and challenges  
902 presented by the evolving health care environment and to take  
903 whatever actions are necessary to enable the academic medical  
904 center and health care collaboratives' continuation as a health  
905 system that provides the finest possible quality of care  
906 consistent with reasonable costs and that serves the health care  
907 needs of uninsured, under-insured residents in addition to its  
908 scientific and educational missions.

909 (c) In this environment, the academic medical center  
910 and its health care collaboratives must have the ability to  
911 respond to changing conditions by having the power to develop  
912 efficient and cost-effective methods and structures to provide for  
913 health care needs, while maintaining a public mission and  
914 character. In addition, the academic medical center is an  
915 institution of the state. Accordingly, the Legislature finds that  
916 there is a compelling interest in establishing a structure and  
917 process for the academic medical center to adapt to this dynamic



918 environment, to operate efficiently, to offer competitive health  
919 care services, to respond more effectively to new developments and  
920 regulatory changes in the health care area, and to continue to  
921 serve and promote the health, wellness and welfare of the citizens  
922 of Mississippi. The acquisition, operation and financing of  
923 hospitals and other health care facilities by the academic medical  
924 center are declared to be for a public and governmental purpose  
925 and a matter of public necessity.

926           (d) The geographic areas served by the academic medical  
927 center and its health care collaboratives include rural  
928 populations and other groups that experience significant health  
929 disparities. Health disparities are differences in health status  
930 when compared to the population overall, often characterized by  
931 indicators such as higher incidence of disease and/or disability,  
932 increased mortality rates, and lower life expectancies. Rural  
933 risk factors for health disparities include geographic isolation,  
934 lower socioeconomic status, higher rates of health risk behaviors,  
935 and limited access to health care specialists and subspecialists.  
936 As a result of these health disparities, the residents of areas  
937 served by the academic medical center and its health care  
938 collaboratives have high rates of mortality and morbidity, heart  
939 disease, cancer, and other illnesses. The areas also include a  
940 high percentage of uninsured individuals and Medicaid patients,  
941 which are medically underserved groups. The academic medical  
942 center and its health care collaboratives have demonstrated their



943 ability to provide high quality health care and to improve health  
944 conditions and outcomes as well as access to care. This section  
945 and Section 37-115-50.3 will significantly strengthen the ability  
946 of the academic medical center and its health care collaboratives  
947 to serve the health care needs of the residents of their service  
948 areas.

949           (e) The investment of significant public assets by the  
950 academic medical center, the academic medical center's investment  
951 in health care collaboratives and their collective efforts to  
952 provide high quality health care services to medically underserved  
953 populations are jeopardized by potential limits on the ability of  
954 the academic medical center and its health care collaboratives to  
955 collaborate and consolidate with other public and private health  
956 care facilities and providers. The Legislature expressly finds  
957 that the benefits of collaboration and consolidation by the  
958 academic medical center and its health care collaboratives  
959 outweigh any adverse impact on competition. The benefits of the  
960 academic medical center and its health care collaboratives efforts  
961 to collaborate and consolidate include, but are not limited to,  
962 preserving and expanding needed health care services in its  
963 service areas; consolidating unneeded or duplicative health care  
964 services; enhancing the quality of, and expanding access to,  
965 health care delivered to medically underserved and rural  
966 populations; and lowering costs and improving the efficiency of  
967 the health care services it delivers. Based on the findings



968 contained in this section, the Legislature affirmatively expresses  
969 a policy to allow the academic medical center and health care  
970 collaboratives to consolidate with hospitals, health care  
971 facilities and other health care providers and to engage in  
972 collaborative activities consistent with their health care  
973 purposes, notwithstanding that those consolidations and  
974 collaborations may have the effect of displacing competition in  
975 the provision of hospital or other health care related services.  
976 In engaging in such consolidations and collaborations with other  
977 hospitals, health care facilities and providers, the academic  
978 medical center and its health care collaboratives (acting  
979 individually or collectively) shall be considered to be acting  
980 pursuant to clearly articulated state policy as established in  
981 this section and shall not be subject to federal or state  
982 antitrust laws while so acting. With respect to the  
983 consolidations, collaborative activities and other activities  
984 contemplated in this section and Section 37-115-50.3, the academic  
985 medical center and its health care collaboratives (acting  
986 individually or collectively) and the public or private entities  
987 with which it (or they) consolidate(s), collaborate(s), or  
988 enter(s) into any of the transactions set forth in this section  
989 and Section 37-115-50.3, shall be immune from liability under the  
990 federal and state antitrust laws and those activities are provided  
991 with state action immunity from federal and state antitrust laws  
992 to the fullest extent possible; however, the state action immunity





993 from federal and state antitrust laws shall not apply to health  
994 care facility acquisitions or joint ventures in which the academic  
995 medical center and its health care collaboratives (acting  
996 individually or collectively) does not maintain a majority,  
997 controlling interest in the acquired health care facility or joint  
998 venture. Additionally, state action immunity shall not apply to  
999 the activities of the academic medical center or any of its health  
1000 care collaboratives that are under the control of a private third  
1001 party.

1002 (f) In furtherance of the findings and authorizations  
1003 contained in paragraph (e) of this section, if a court of  
1004 competent jurisdiction were to find that any of the activities of  
1005 the academic medical center and its health care collaboratives  
1006 (acting individually or collectively) authorized under this  
1007 section or Section 37-115-50.3 would be immune from the  
1008 application of state and federal antitrust laws under the state  
1009 action antitrust immunity doctrine pursuant to applicable  
1010 jurisprudence only if such activities were subject to what has  
1011 come to be known in relevant antitrust jurisprudence as "active  
1012 supervision" by the state, the Legislature finds that the academic  
1013 medical center and its health care collaboratives are subject to  
1014 direct and indirect supervision of the Board of Trustees of State  
1015 Institutions of Higher Learning, which supervision has been, is  
1016 currently, and is required to continue to be actively exercised by  
1017 such constitutional body of state government such that, even if



1018 such judicial requirements were applied to the academic medical  
1019 center and its health care collaboratives with respect to  
1020 application of the state action antitrust immunity doctrine, the  
1021 academic medical center and each of its health care collaboratives  
1022 (acting individually or collectively), when exercising its powers  
1023 under this section and Section 37-115-50.3, shall be immune from  
1024 liability under the state and federal antitrust laws.

1025 **SECTION 6.** The following shall be codified as Section  
1026 37-115-50.3, Mississippi Code of 1972:

1027 37-115-50.3. In addition to all powers granted in Section  
1028 37-115-50.1, subject to any required approval of the Board of  
1029 Trustees of State Institutions of Higher Learning, the academic  
1030 medical center and its health care collaboratives (acting  
1031 individually or collectively) shall be empowered under this  
1032 section:

1033 (a) To acquire hospitals, health care facilities and  
1034 other health care-related operations and assets, through direct  
1035 purchase, merger, consolidation, lease or other means;

1036 (b) To form, establish, fund and operate nonprofit  
1037 corporations, limited liability companies or other organizations,  
1038 either directly or through a nonprofit corporation formed by the  
1039 academic medical center and its health care collaboratives (acting  
1040 individually or collectively), which are jointly owned with other  
1041 public or private hospitals, nonprofit or for-profit corporations,  
1042 or other health care related organizations, for the purpose of



1043 conducting activities within or outside of the service area the  
1044 academic medical center or its health care collaboratives for the  
1045 benefit of the academic medical center and its health care  
1046 collaboratives including, but not limited to, joint hospital  
1047 acquisitions, group purchasing, clinically integrated networks,  
1048 payor contracting, and joint requests for federal and state grants  
1049 and funding;

1050 (c) To make capital contributions, loans, debt or  
1051 equity financing to or for any joint venture or similar  
1052 arrangement in which the academic medical center and its health  
1053 care collaboratives (acting individually or collectively), or any  
1054 nonprofit corporation formed or owned by the academic medical  
1055 center or one of its health care collaboratives, has or acquires  
1056 an ownership interest, and to guarantee loans and any other  
1057 obligations for such purposes;

1058 (d) To have an ownership interest in, make capital  
1059 contributions to, and assume financial risk under, accountable  
1060 care organizations or similar organizations;

1061 (e) To enter into any contract for a term of any  
1062 length, regardless of whether the length or term of the contract  
1063 exceeds the term of the board of trustees of a health care  
1064 collaborative;

1065 (f) To create, establish, acquire, operate or support  
1066 subsidiaries and affiliates, either for-profit or nonprofit, to  
1067 assist the academic medical center and its health care



1068 collaboratives (acting individually or collectively) in fulfilling  
1069 its purposes;

1070 (g) To create, establish or support nonaffiliated  
1071 for-profit or nonprofit corporations or other lawful business  
1072 organizations that operate and have as their purposes the  
1073 furtherance of the purposes of the academic medical center and its  
1074 health care collaboratives (acting individually or collectively);

1075 (h) Without limiting the generality of any provisions  
1076 of this section, to accomplish and facilitate the creation,  
1077 establishment, acquisition, operation or support of any such  
1078 subsidiary, affiliate, nonaffiliated corporation or other lawful  
1079 business organization, by means of loans of funds, acquisition or  
1080 transfer of assets, leases of real or personal property, gifts and  
1081 grants of funds or guarantees of indebtedness of such  
1082 subsidiaries, affiliates and nonaffiliated corporations; and

1083 (i) Subject to the approval of the Board of Trustees of  
1084 State Institutions of Higher Learning where applicable, to  
1085 exercise all powers granted under this section in such a manner as  
1086 the academic medical center and its health care collaboratives  
1087 (acting individually or collectively) may determine to be  
1088 consistent with the purposes of Sections 37-115-50.1 through  
1089 37-115-50.3, including the state action immunity provided by  
1090 Section 37-115-50.2 from state and federal antitrust laws to the  
1091 fullest extent possible, notwithstanding that as a consequence of  
1092 such exercise of such powers it engages in activities that may be



1093 deemed "anticompetitive" or which displace competition within the  
1094 meaning or contemplation of the antitrust laws of this state or of  
1095 the United States.

1096         **SECTION 7.** It is the intent of the Legislature that this act  
1097 be liberally construed so as to give effect to the intent,  
1098 purposes and findings described in this act.

1099         **SECTION 8.** This act shall take effect and be in force from  
1100 and after its passage.

