

2016 Regular Session

SENATE BILL NO. 230

BY SENATOR PETERSON

HEALTH SERVICES. Provides relative to the Health Education Authority of Louisiana (HEAL). (8/1/16)

1 AN ACT  
2 To amend and reenact the introductory paragraph of R.S. 17:3051, 3051(1) and (3), 3052(6),  
3 (7) and (8), 3053, 3054(A), the introductory paragraph of 3055 and, 3055(10),  
4 3056(A)(1) and (H), and 3058, and R.S. 36:4.1(D) and to repeal R.S. 17:3052(4) and  
5 3055(9) and R.S. 36:259(B), relative to the Health Education Authority of Louisiana;  
6 to provide for clarification to statement of purpose; to provide for definitions; to  
7 provide for updates to the authority membership; to provide for powers and duties;  
8 to provide with respect to bonds; to provide for an effective date; and to provide for  
9 related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. The introductory paragraph of R.S. 17:3051, 3051 (1) and (3), 3052(6),  
12 (7) and (8), 3053, 3054(A), the introductory paragraph of 3055 and, 3055(10), 3056(A)(1)  
13 and (H), and 3058 are hereby amended and reenacted to read as follows:

14 §3051. Statement of purpose and function

15 In order to promote the medical and/or health educational activities of various  
16 public and private institutions and organizations in the state of Louisiana and to  
17 promote health and welfare of its citizens through encouraging and assisting in the

1 provision of medical care and prompt and efficient health and health related services  
 2 at reasonable cost by public and private institutions and organizations in modern,  
 3 well-equipped facilities, and to strive to achieve superlative standards of attainment  
 4 in health care and education that will place Louisiana in the position of regional,  
 5 national, and international leadership in those fields, it is hereby declared to be in the  
 6 public interest that the Health Education Authority of Louisiana ~~be created within the~~  
 7 ~~Department of Health and Hospitals. The~~ **serve the following** purposes and functions  
 8 ~~of the authority are:~~

9 (1) To ~~operate, in accordance with a master plan, a cooperative and~~  
 10 ~~coordinated multi-institutional complex that will serve to attract, encourage and~~  
 11 assist public and private institutions and organizations that are dedicated to  
 12 exemplary patient care, health science education and biomedical research, as well as  
 13 organizations providing facilities and/or services deemed appropriate by the  
 14 authority, ~~to locate and/or operate in a functional geographic relationship with said~~  
 15 ~~complex.~~

\* \* \*

17 (3) To acquire or assist in the acquisition of land and the planning,  
 18 acquisition, construction, reconstruction, rehabilitation, improvement and  
 19 development of facilities in the ~~complex and~~ primary service area for the use of the  
 20 primary and participating institutions, and the development, acquisition,  
 21 construction, reconstruction, rehabilitation, improvement and operation of jointly  
 22 usable facilities for such institutions, and

\* \* \*

24 §3052. Definitions

25 The following terms shall have the following meanings, unless the context  
 26 clearly indicates otherwise:

27 \* \* \*

28 (6) "Participating institutions" shall mean those institutions which apply to  
 29 and are designated by the authority, other than primary institutions, and consisting

1 of ~~(a) public or private hospital, medical or health corporations or institutions located~~  
 2 ~~or desiring to locate in the complex or~~ (b) public or private hospital **hospitals,**  
 3 medical or health corporations or institutions which deliver medical or health  
 4 services or provide facilities ~~therefor outside the complex but~~ within the primary  
 5 service area.

6 (7) "Primary institutions" shall mean ~~Charity Hospital of Louisiana~~  
 7 **University Medical Center** at New Orleans, Louisiana State University and  
 8 Agricultural and Mechanical College, and Tulane University of Louisiana.

9 (8) "Primary service area" means ~~that area within a radius of ten miles of~~  
 10 ~~Charity Hospital of Louisiana at New Orleans~~ **communities in Louisiana where**  
 11 **graduate medical education is offered.**

12 \* \* \*

13 §3053. Health Education Authority of Louisiana; creation; domicile; membership;  
 14 terms; vacancies; ~~quorum~~; staff

15 A. There is hereby created ~~in the office of management and finance of the~~  
 16 ~~Department of Health and Hospitals~~ the Health Education Authority of Louisiana,  
 17 which is hereby declared to be a body corporate and public, constituting an  
 18 instrumentality of the state of Louisiana and exercising public and essential  
 19 governmental functions. The domicile of the authority shall be in the city of New  
 20 Orleans.

21 B. The power to establish policy to carry out the intent of this Chapter shall  
 22 be vested in a board of trustees. **Effective October 1, 2016, the board** which shall  
 23 consist of the governor as ex-officio trustee and ~~thirteen~~ **nine** persons ~~selected as~~  
 24 ~~follows:~~ **comprised of one member appointed by the governor from each of the**  
 25 **five public service commission districts as established in R.S. 45:1161.4, and**  
 26 **four members appointed by the governor from the state at large.**

27 (1) ~~Two members shall be appointed by the governor from a list of six names~~  
 28 ~~submitted by the Board of Supervisors of Louisiana State University and~~  
 29 ~~Agricultural and Mechanical College.~~

1                   (2) Two members shall be appointed by the governor from a list of six names  
2 submitted by the Board of Administrators of the Tulane Educational Fund, Tulane  
3 University of Louisiana.

4                   (3) Two members shall be appointed by the governor from a list of six names  
5 submitted by the Board of Administrators of Charity Hospital of Louisiana at New  
6 Orleans.

7                   (4) Two members shall be appointed by the governor from a list of six names  
8 submitted by the Executive Board of the Louisiana State Medical Society.

9                   (5) One member shall be appointed by the governor from a list of six names  
10 submitted by the statewide dental associations.

11                   (6) One member shall be appointed by the mayor of the city of New Orleans  
12 with the advice and consent of the Commission Council from a list of five names,  
13 one each submitted by the Board of Administrators of the Tulane Educational Fund,  
14 Tulane University of Louisiana; the Board of Administrators of Charity Hospital of  
15 Louisiana at New Orleans; the Board of Supervisors of Louisiana State University  
16 and Agricultural and Mechanical College; local dental association memberships  
17 including Orleans Parish dentists; and the Orleans Parish Medical Society.

18                   (7) Three members shall be appointed by the governor from the state at  
19 large.

20                   C. No person appointed directly by the governor or mayor or nominated by  
21 any of the nominating groups or individuals shall be associated in any staff or  
22 advisory capacity for which he receives payment for services from Louisiana State  
23 University and Agricultural and Mechanical College, Tulane University of  
24 Louisiana, or Charity Hospital of Louisiana **University Medical Center** at New  
25 Orleans, any statewide dental association, or the Louisiana State Medical Society.

26                   D. Each appointment by the governor shall be submitted to the Senate for  
27 confirmation.

28                   E. Members of the board who are appointed by the governor shall serve at  
29 the pleasure of the governor. The member appointed by the mayor of New Orleans

1 ~~shall serve a term of six years.~~

2 F. A vacancy occurring on the board for any reason shall be filled in the  
3 same manner as the original appointment.

4 G. The board shall employ a professionally qualified executive director to  
5 carry out the policies established by the board. ~~The secretary of the Department of~~  
6 ~~Health and Hospitals shall employ such staff as is necessary to carry out the policies~~  
7 ~~and directives of the board and to operate and administer the functions of the~~  
8 ~~authority.~~ The compensation of the executive director shall be determined by the  
9 board and he shall be in the unclassified service of the state.

10 §3054. Meetings; rules; officers; compensation

11 A. The board shall adopt rules for the transaction of business and shall keep  
12 a record of its resolutions, transactions, findings and determinations. ~~Eight~~ **A**  
13 **majority of the appointed** members shall constitute a quorum for the transaction  
14 of business.

15 \* \* \*

16 §3055. Powers; duties; functions

17 To accomplish the purposes of this ~~Act~~ **Chapter**, and for the general welfare  
18 and health of the citizens of Louisiana, the Health Education Authority of Louisiana  
19 shall have the following powers, duties and functions:

20 \* \* \*

21 (10) To construct, acquire, reconstruct, rehabilitate, improve, repair, operate,  
22 lease, as lessor or lessee, or to enter into contracts for the management and operation  
23 of hospitals, sanitariums, clinics, laboratories, or any other facility, building or  
24 structure of the primary and/or participating institutions in the ~~complex~~ or primary  
25 service area which may be of use or benefit in the teaching, training or practice of  
26 medical science and the treatment of human ailments, or for such other facilities as  
27 the authority shall find useful in the study of, research in, or treatment of illnesses  
28 or infirmities. The authority may construct, acquire, reconstruct, rehabilitate,  
29 improve, repair, operate, lease, as lessor or lessee, or enter into contracts for the

1 management and operation of support facilities for primary and/or participating  
 2 institutions in the ~~complex or~~ primary service area that are useful, necessary or  
 3 convenient for the orderly conduct of such institutions, including but not limited to:  
 4 parking facilities, ambulatory care facilities, office buildings for physicians or  
 5 dealers in medical accessories, dormitories, homes or residences for the medical  
 6 profession, including interns, nurses, students or other officers or employees of the  
 7 primary or participating institutions, or for the use of relatives or visitors of patients  
 8 in the hospitals or other institutions within the ~~complex or~~ primary service area. The  
 9 authority may finance, acquire property for and plan and acquire, construct,  
 10 reconstruct, rehabilitate or improve facilities for, and provide and operate, central  
 11 services and shared facilities for the common use of the primary and participating  
 12 institutions ~~in the complex~~. The authority may, at its option, rent, lease or sell the use  
 13 of these facilities or services, or provide them at no cost. The authority may not  
 14 acquire, construct, reconstruct, rehabilitate, improve or develop any of the facilities  
 15 herein authorized except at the request of any one of the primary or participating  
 16 institutions and, in the case of primary institutions, only if the authority has  
 17 determined, after a public hearing held thereon, that there is a public need and  
 18 necessity for the proposed facilities.

19 \* \* \*

20 §3056. Bonds of the authority

21 A.(1) To obtain funds to defray costs of the acquisition of land, the  
 22 acquisition or construction of buildings, structures and other facilities, including  
 23 furnishings and equipment therefor, the authority may incur debt and issue bonds,  
 24 **notes and other evidence of indebtedness** for an amount not in excess of ~~four~~ **eight**  
 25 hundred million dollars. Said bonds shall be negotiable instruments, and shall be  
 26 solely the obligations of the authority and not of the state of Louisiana. Said bonds  
 27 and the income thereof shall be exempt from all taxation in the state of Louisiana.  
 28 Said bonds shall be payable out of the income, revenues, and receipts derived or to  
 29 be derived from the properties and facilities maintained and operated by the authority

1 or received by the authority from any other sources whatsoever, including, but not  
 2 by way of limitation, other monies which, by law or contract, may be made available  
 3 to the authority; however, such bonds shall not be payable out of any funds received  
 4 by the authority under the Medicaid program. In addition to the pledge of income,  
 5 revenues, or receipts to secure said bonds, the authority may further secure their  
 6 payment by a conventional mortgage upon any or all of the properties constructed  
 7 or acquired or to be constructed or acquired by it. Such bonds shall be authorized and  
 8 issued by resolution of the authority and shall be of such series, bear such date or  
 9 dates, mature at such time or times, bear interest at such rate or rates, be in such  
 10 denominations, be in such form, either coupon or fully registered without coupons,  
 11 carry such registration and exchangeability privileges, be payable in such medium  
 12 of payment and at such place or places, be subject to such terms of redemption and  
 13 be entitled to such priorities on the income, revenues, and receipts of the authority  
 14 as such resolution may provide. The bonds shall be signed by such officers as the  
 15 authority shall determine, and coupon bonds shall have attached thereto interest  
 16 coupons bearing the facsimile signatures of such officer or officers as the authority  
 17 shall designate. Any such bonds may be issued and delivered, notwithstanding that  
 18 one or more of the officers signing such bonds or the officer or officers whose  
 19 facsimile signature or signatures may be on the coupons shall have ceased to be such  
 20 officer or officers at the time such bonds shall actually have been delivered. ~~Such~~  
 21 **Notwithstanding any other law to the contrary, such** bonds ~~may~~ **shall** be sold ~~by~~  
 22 **the authority** in such manner and from time to time as may be determined by the  
 23 authority, and the authority may pay all expenses and commissions which it may  
 24 deem necessary or advantageous in connection with the issuance and sale thereof.

25 \* \* \*

26 H. No bonds of the authority shall be issued or sold by the ~~State Bond~~  
 27 ~~Commission~~ **authority** without the prior approval of the secretary of the Department  
 28 of Health and Hospitals **approval of the State Bond Commission.**

29 \* \* \*

1 §3058. Professional advisory committees

2 The authority shall appoint committees to assist in the carrying out of its  
3 business. Membership on said committees need not be restricted to primary and/or  
4 participating institutions ~~of the complex~~, but may be drawn from all institutions,  
5 organizations, and persons concerned with the delivery of health services. The  
6 authority shall also consult with advisory committees appointed by medical and  
7 health related organizations and nonprovider consumer groups.

8 Section 2. R.S. 36:4.1(D) is hereby amended and reenacted to read as follows:

9 §4.1. Agencies transferred from the Department of Economic Development **and the**

10 **Department of Health and Hospitals** to the office of the governor;

11 agencies placed within the office of the governor

12 \* \* \*

13 D. The following agencies, as defined in R.S. 36:3, are hereby transferred to  
14 and shall be placed within the office of the governor and shall perform and exercise  
15 their powers, duties, functions, and responsibilities as provided in R.S. 36:803:

16 (1) The Louisiana Cemetery Board (R.S. 8:61 through 78).

17 (2) State Board of Certified Public Accountants of Louisiana (R.S. 37:71 et  
18 seq.).

19 (3) State Board of Architectural Examiners (R.S. 37:141 et seq.).

20 (4) Louisiana Real Estate Commission (R.S. 37:1430 et seq.).

21 (5) Louisiana State Board of Home Inspectors (R.S. 37:1471 et seq.).

22 (6) State Licensing Board for Contractors (R.S. 37:2150 et seq.).

23 (7) **The Health Education Authority of Louisiana (R.S. 17:3051 et seq.)**.

24 (8) Board of Examiners of Certified Shorthand Reporters (R.S. 37:2551 et  
25 seq.).

26 (9) Louisiana Auctioneers Licensing Board (R.S. 37:3101 et seq.).

27 (10) State Board of Examiners of Interior Designers (R.S. 37:3171 et seq.).

28 (11) Louisiana Real Estate Appraisers Board (R.S. 37:3391 et seq.).

29 (12) The State Boxing and Wrestling Commission (R.S. 4:61 et seq.).



- 1 (13) Louisiana Motor Vehicle Commission (R.S. 32:1251 et seq.).
- 2 (14) Louisiana Used Motor Vehicle Commission (R.S. 32:781 et seq.).
- 3 (15) Louisiana State Polygraph Board (R.S. 37:2831 et seq.), notwithstanding
- 4 the provisions of Chapter 36-A of Title 37 to the contrary.
- 5 (16) The Louisiana Board of Cosmetology (R.S. 37:561 et seq.).

6 \* \* \*

7 Section 3. R.S. 17:3052(4), 3055(9) R.S. 36:259(B) are hereby repealed.

8 Section 4. This Act shall become effective on August 1, 2016; if vetoed by the

9 governor and subsequently approved by the legislature, this Act shall become effective on

10 August 1, 2016, or on the day following such approval by the legislature, whichever is later.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Christine Arbo Peck.

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#### DIGEST

SB 230 Engrossed

2016 Regular Session

Peterson

Present law provides that HEAL shall operate in accordance with a master plan, a cooperative and coordinated multi-institutional complex to attract medical services within a functional geographic relationship to the complex. Proposed law repeals present law references to the complex and proximity to the complex.

Present law includes a thirteen member board of trustees, eight of which make a quorum. Proposed law changes the board to nine members made up of one from each of the five public service commission districts and four at-large members, all appointed by and serving at the pleasure of the governor. Proposed law establishes that a majority of the appointed members constitute a quorum.

Present law includes a bond cap of \$400 million. Proposed law increases the cap to \$800 million.

Present law establishes that no bonds of the authority shall be issued or sold by the State Bond Commission without the prior approval of the secretary of DHH. Proposed law establishes that no bonds of the authority shall be issued or sold by the authority without prior approval of the State Bond Commission.

Present law references Charity Hospital of Louisiana. Proposed law updates the current reference to the hospital as University Medical Center.

Present law requires formulation of a general master plan for development of the original complex. Proposed law repeals present law.

Present law places HEAL within the DHH office of management and finance. Proposed law transfers HEAL to the office of the governor.

Present law requires DHH to staff HEAL to carry out policies and administer the functions of the authority. Proposed law repeals present law.

Effective August 1, 2016.

(Amends R.S. 17:3051(intro para), (1) and (3), 3052(6), (7) and (8), 3053, 3054(A), 3055(10), 3056(A)(1) and (H), and 3058, and R.S. 36:4.1(D); repeals R.S. 17:3052(4), 3055(9), and R.S. 36:259(B))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Health and Welfare to the original bill

1. Reconstitutes the composition of the HEAL board of trustees from thirteen to nine members.
2. Reestablishes a bond cap and increases it from \$400 million to \$800 million.
3. Transfers HEAL from DHH to the office of the governor.
4. Makes technical corrections.