

2016 Regular Session

SENATE BILL NO. 466

BY SENATOR HEWITT

HOSPITALS. Provides a procedure for the LSU Board of Supervisors and the commissioner of administration to seek approval from the JLCB and the legislature to proceed with the sale of a hospital. (gov sig)

1 AN ACT

2 To enact R.S. 17:1519.2(C), relative to public hospitals administered by the Board of  
3 Supervisors of Louisiana State University; to provide for a procedure for the board  
4 and the commissioner of administration to seek approval from the Joint Legislative  
5 Committee on the Budget and the legislature to proceed with a sale of any hospital;  
6 to provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 17:1519.2(C) is hereby enacted to read as follows:

9 §1519.2. State hospitals operated by the Board of Supervisors of Louisiana State  
10 University and Agricultural and Mechanical College as part of the  
11 Louisiana State University Health Sciences Center

12 \* \* \*

13 **C.(1) Notwithstanding any provision of law to the contrary, in the event**  
14 **the board determines it is in the best interest of the state, the legislature has**  
15 **authorized the closure of a hospital, and the building is no longer being utilized**  
16 **for the provision of health care services, or the board receives an inquiry from**  
17 **a financially viable party regarding the purchase of a hospital listed in**

1        Subsection B of this Section, hereinafter referred to as the property, the board  
2        shall notify the commissioner of administration within five business days that  
3        it is contemplating the option of selling the property or is in receipt of such an  
4        inquiry. The board shall participate in and cooperate with the commissioner of  
5        administration in reviewing the benefits and consequences of selling the  
6        property.

7                (2) The review by the board and the commissioner of administration  
8        shall include, at a minimum, an assessment of the impact a sale of the property  
9        may have on the provision of health care in the region, the impact on graduate  
10        medical education, any contractual or operational issues with other parties that  
11        need to be addressed prior to executing a contract of sale, purchase agreement,  
12        or other type of agreement, and a cost-benefit analysis addressing the potential  
13        short-term and long-term financial advantages and disadvantages of proceeding  
14        with the sale. The commissioner shall also obtain fair market value appraisals  
15        from up to three Louisiana certified appraisers to ascertain the current value  
16        of the property. A report of such information and the recommendations of the  
17        board and the commissioner shall be submitted to the Joint Legislative  
18        Committee on the Budget immediately upon its completion.

19                (3) Prior to taking any action which would result or is expected to result  
20        in the sale of the property as provided by law, the commissioner of  
21        administration shall notify the Joint Legislative Committee on the Budget in  
22        writing that the board and commissioner are recommending that the state  
23        proceed with such a sale. The commissioner shall instruct the board to contact  
24        the committee to request preliminary authorization to pursue the sale of the  
25        property based upon the positive outcome of the review provided for in  
26        Paragraph (2) of this Subsection. The committee shall consider the board's  
27        request no less than thirty days after the date that it is submitted to the  
28        committee. If the board's request is approved by the committee, it shall be  
29        submitted to the legislature for approval by a majority vote of the elected

1 members of each house of the legislature. If the legislature is not in session,  
2 approval of the legislature may be obtained in accordance with the procedures  
3 provided in R.S. 39:87.

4 (4) Notwithstanding the provisions of R.S. 41:140 to the contrary, upon  
5 receipt of the approval by the committee and legislature to proceed with the  
6 exploration of the sale of the property, the board shall work with the  
7 commissioner to develop a solicitation for offers to sell the property, fixing the  
8 minimum price and terms of sale to be made with reference to the property. The  
9 solicitation shall be developed such that it is within the parameters approved by  
10 the committee and the legislature. Upon completion of the solicitation, the board  
11 shall advertise the solicitation for offers electronically for forty-five days and  
12 shall also advertise in the newspapers in general circulation in the municipality  
13 where the property is located and in major metropolitan areas across the state  
14 for a minimum of three times in forty-five days. During this period, the board  
15 and the commissioner shall resolve any outstanding contractual or operational  
16 issues with other parties that may affect the sale of the property. The board and  
17 the commissioner shall review the offers and negotiate with the respondents for  
18 a period of no less than thirty days. If the board and commissioner agree that  
19 an acceptable offer has been received, then the board shall submit the proposed  
20 agreement to the committee for its review and approval. The agreement shall  
21 be within the preliminary parameters approved by the committee and the  
22 legislature. The committee shall consider the proposed agreement not less than  
23 thirty days after submission of the agreement. No agreement shall be officially  
24 confected prior to approval of the committee.

25 (5) Nothing contained in this Subsection, nor any approval of the  
26 committee or legislature relative to a proposed sale, shall be construed as  
27 authorizing the board to close a hospital or an emergency room or absolving the  
28 board of its responsibilities for any medical center as provided by law.

29 Section 2. The provisions of this Act shall terminate on December 31, 2019.

1 Section 3. This Act shall become effective upon signature by the governor or, if not  
2 signed by the governor, upon expiration of the time for bills to become law without signature  
3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
4 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
5 effective on the day following such approval.

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The original instrument was prepared by Martha Hess. The following digest,  
which does not constitute a part of the legislative instrument, was prepared  
by Jeanne Johnston.

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## DIGEST

SB 466 Reengrossed

2016 Regular Session

Hewitt

Present law sets forth the hospitals managed by the Louisiana State University Board of Supervisors.

Proposed law retains present law.

Proposed law provides that in the event the LSU Board of Supervisors determines it is in the best interest of the state, the legislature has authorized the closure of a hospital, and the building is no longer being utilized for the provision of health care services, or receives an inquiry from a financially viable party regarding the purchase of a hospital listed in present law, the board shall notify the commissioner of administration within five business days that it is contemplating the option of selling the property or is in receipt of such an inquiry. Provides that the board shall participate in and cooperate with the commissioner in reviewing the benefits and consequences of selling the property.

Proposed law provides the review by the board and the commissioner shall include, at a minimum, an assessment of the impact a sale of the property may have on the provision of health care in the region, the impact on graduate medical education, any contractual or operational issues with other parties that need to be addressed prior to executing a contract of sale, purchase agreement, or other type of agreement, and a cost-benefit analysis addressing the potential short-term and long-term financial advantages and disadvantages of proceeding with the sale. Proposed law further provides that the commissioner shall also obtain fair market value appraisals from up to three Louisiana certified appraisers to ascertain the current value of the property. A report of such information and the recommendations of the board and the commissioner shall be submitted to the JLCB immediately upon its completion.

Proposed law provides that prior to taking any action which would result or is expected to result in the sale of the property as provided by law, the commissioner shall notify the JLCB in writing that the board and commissioner are recommending that the state proceed with such a sale. The commissioner shall instruct the board to contact the committee to request preliminary authorization to pursue the sale of the property based upon the positive outcome of the review provided for in proposed law. The committee shall consider the board's request no less than thirty days after the date that it is submitted to the committee. If the board's request is approved by the committee, it shall be submitted to the legislature for approval by a majority vote of the elected members of each house of the legislature. If the legislature is not in session, approval of the legislature may be obtained in accordance with the procedures for a mail ballot.

Proposed law further provides that notwithstanding the provisions of present law regarding the procedures for the sale of state land to the contrary, upon receipt of the approval by the

committee and legislature to proceed with the exploration of the sale of the property, the board shall work with the commissioner to develop a solicitation for offers to sell the property, fixing the minimum price and terms of sale to be made with reference to the property. The solicitation shall be developed such that it is within the parameters approved by the committee and the legislature. Upon completion of the solicitation, the board shall advertise the solicitation for offers electronically for forty-five days and shall also advertise in the newspapers in general circulation in the municipality where the property is located and in major metropolitan areas across the state for a minimum of three times in forty-five days. During this period, the board and the commissioner shall resolve any outstanding contractual or operational issues with other parties that may affect the sale of the property.

Proposed law provides that the board and the commissioner shall review the offers and negotiate with the respondents for a period of no less than thirty days. If the board and commissioner agree that an acceptable offer has been received, then the board shall submit the proposed agreement to the committee for its review and approval. The agreement shall be within the preliminary parameters approved by the committee and the legislature. The committee shall consider the proposed agreement not less than thirty days after submission of the agreement. No agreement shall be officially confected prior to approval of the committee.

Proposed law provides that nothing in proposed law nor any approval of the committee or legislature relative to a proposed sale, shall be construed as authorizing the board to close a hospital or an emergency room or absolving the board of its responsibilities for any medical center as provided by law.

Proposed law provides that it shall terminate as of December 31, 2019.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 17:1519.2(C))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Revises procedure to provide that if the LSU Board of Supervisors receives an inquiry from a viable party regarding the purchase of a hospital or any asset of one of the medical centers listed in present law.
2. Revises procedure to provide for the board to contact the commissioner of administration for a review of the inquiry, after which a report is to be submitted to the Joint Legislative Committee on the Budget with a recommendation.
3. Revises procedure to require JLCB is to review and consider the board's request and if approved, the request is to be submitted to the legislature for approval by a majority vote or by mail ballot during the interim.
4. Revises procedure to provide that upon approval of the legislature, the board and commissioner shall develop a solicitation for offers to sell the property, advertise the solicitation, receive offers, select the winning offer, and negotiate any outstanding terms, then the proposed agreement shall be submitted to the committee for review and approval.
5. Provides that proposed law shall not be construed as authorizing the board to close a hospital or an emergency room or absolving the board of its responsibilities for any medical center.

6. Changes termination date of proposed law from June 30, 2020 to December 31, 2019.

Senate Floor Amendments to engrossed bill

1. Makes technical corrections.
2. Deletes the sale of medical center assets from provisions of proposed law.
3. Specifies that, to be considered, an inquiry to purchase a hospital must be made by a financially viable party.
4. Requires the LSU board to notify the commissioner of administration if the board is contemplating selling a hospital that has been closed, with legislative approval, and the building is no longer being used to provide health care services. Further requires the board to participate in and cooperate with the commissioner of administration in reviewing the benefits and consequences of selling the property.
5. Requires that the review conducted by the board and the commissioner of administration include the impact on graduate medical education.