

2025 Regular Session

HOUSE BILL NO. 607

BY REPRESENTATIVE ZERINGUE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

HOSPITALS: Provides for healthcare facilities located in hospital service districts

1 AN ACT

2 To enact R.S. 46:1069.2, relative to hospital service districts; to provide for operating a
3 healthcare facility in a hospital service district; to require the consent of hospital
4 service district where the healthcare facility is located; to provide for notice; to
5 establish procedures to obtain consent; to provide for an effective date; to provide
6 for applicability; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 46:1069.2 is hereby enacted to read as follows:

9 §1069.2. Hospital service districts; consent agreements; notice

10 A. For the purposes of this Section, the following terms have the following
11 meanings:

12 (1) "Affiliate" means a person, trust, or form of legal entity or legal
13 association, whether operated for-profit or not-for-profit that is all of the following:

14 (a) Connected to another entity through ownership, control, or a shared
15 relationship as evidenced by any of the following:

16 (i) If an entity directly or indirectly, through its governing board members
17 or executive officers, owns five percent or more of any class of ownership or
18 membership interest of the other person, trust, or form of legal entity or legal
19 association, whether voting or non-voting.

1 (ii) If an entity has "control" over the affiliate. Control shall be deemed to
2 exist when one entity, directly or indirectly, is controlled by or is under common
3 control with another entity. Control can be established through ownership of voting
4 interests, contractual relationships, financial relationships, coordinated operations,
5 or other means.

6 (iii) If an entity has a shared relationship with the affiliate. A shared
7 relationship means any relationship or connection between entities that creates a
8 meaningful association or influence, even absent ownership or control. Without
9 limiting the generality of the foregoing, and by way of illustration and not limitation,
10 a shared relationship includes entities such as subsidiaries, parent entities, sister
11 companies, executive officers, members, or directors; shared resources and facilities;
12 support of a mutual mission or common goals; shared assets; financial relationships
13 as creditor and borrower or landlord and tenant; collaborative arrangements
14 including but not limited to any agreement provided for in accordance with R.S.
15 46:1077; a history of acting in concert or corroboration; contractual relationships that
16 create mutual obligations and benefits; management and service agreements between
17 the entities; shared leadership; familial relationships amongst any of the foregoing;
18 and any other relationship or evidence of any form of significant influence by one
19 entity over another entity's operations or decision-making processes. The mere
20 existence of a contractual relationship between an entity and hospital service district
21 does not establish a shared relationship.

22 (b) Created by or caused to be created by a parish governing authority,
23 hospital service district, the governmental authority that created the hospital service
24 district, or commissioner or officer of a hospital service district.

25 (2) "Healthcare facility" means any facility that provides medical, wellness,
26 health, or clinical care to individuals including but not limited to all of the
27 following:

28 (a) A hospital inpatient or outpatient department, emergency room, or
29 satellite facility.

1 **(b) An ambulatory surgical center.**

2 **(c) An urgent care clinic.**

3 **(d) A diagnostic imaging or testing center.**

4 **(e) A psychiatric hospital or distinct part unit.**

5 **(f) A rehabilitation hospital or distinct part unit.**

6 **(g) A skilled nursing facility, physical therapy clinic, infusion therapy clinic,**
7 **or end-stage renal disease facility.**

8 **(h) A medical office building.**

9 **(i) A wellness center.**

10 **(j) A primary care, specialty care, or multi-specialty clinic.**

11 **(k) A clinical laboratory.**

12 **(l) A rural health clinic.**

13 **B.(1) A hospital service district and its affiliates are prohibited from**
14 **establishing, operating, or locating any healthcare facility which is owned or**
15 **controlled by a hospital service district or its affiliate outside of the geographic limits**
16 **of its district boundaries except in accordance with this Section.**

17 **(2) A private right of action to enforce the provisions of this Section shall**
18 **exist in favor of a hospital service district when another hospital service district or**
19 **its affiliate establishes, operates, or locates a healthcare facility within the geographic**
20 **limits of its district boundaries without full compliance with the provisions of this**
21 **Section.**

22 **(3) Compliance with the provisions of this Section is required for each**
23 **healthcare facility proposed to be established, operated, or located by a hospital**
24 **service district or its affiliate within the territorial limits of another hospital service**
25 **district, notwithstanding and regardless of any prior consents or approvals given by**
26 **the affected hospital service district to the same hospital service district or any**
27 **affiliate thereof seeking the consent or approval as required by this Section. The**
28 **approval shall also be required prior to any expansion or enlargement of a previously**
29 **approved healthcare facility or the offering of any additional services for which**

1 additional licensing or permitting is required by any local or state governmental
2 authority at the location of a previously approved healthcare facility.

3 (4) The provisions of this Section shall not apply when there is no hospital
4 service district in legal existence for the proposed location of the healthcare facility,
5 or when the two hospital service districts have entered into a written cooperative
6 endeavor agreement approved by the governing boards of both hospital service
7 districts or their designees which expressly authorize and consent to the
8 establishment, operation, or location of a specific healthcare facility or facilities by
9 one hospital service district or its affiliate within the geographic boundaries of the
10 other hospital service district.

11 (5) Hospital service districts are authorized to consent to the establishment,
12 operation, and location of any healthcare facility which is owned, controlled, or
13 affiliated with a hospital service district or an affiliate thereof which is located in
14 another parish, or located in another hospital service district within the same parish,
15 in accordance with the provisions of this Section, and notwithstanding the provisions
16 of any law, rule or regulation to the contrary, including but not limited to R.S.
17 40:2115.11, et seq.

18 C.(1) The hospital service district or its affiliate seeking to establish, operate,
19 or locate a healthcare facility within the territorial boundaries of another hospital
20 service district located in another parish, or in a different hospital service district
21 within its own parish, shall provide written notice to the affected hospital service
22 district for the territory in which a healthcare facility is sought to be established,
23 operated or located at least one hundred and twenty days before taking any action or
24 filing any required permits or licenses from any local or state governmental authority
25 related to the establishment, operation, or location of the healthcare facility. The
26 governing board of the hospital service district where the proposed healthcare facility
27 is to be established, operated, or located may, in its sole discretion, but is under no
28 obligation to, waive in writing the notice required by this Section or agree to a
29 shorter notice period.

1 (2) The notice required by Paragraph (1) of this Subsection shall include a
2 detailed description of the entity's or entities' intentions including but not limited to
3 all of the following:

4 (a) The location of the proposed healthcare facility.

5 (b) A detailed description of the ownership and control of the entity seeking
6 approval for the proposed location, and any affiliates thereof, including but not
7 limited to ownership, and the composition and identity of the governing board of
8 such entities, and copies of any resolutions of the governing authority for the home
9 parish of the applicant which restrict or authorize the establishment of a healthcare
10 facility outside of the home parish or home hospital service district of the applicant.

11 (c) The specific primary, specialized, and ancillary healthcare services to be
12 offered at the proposed healthcare facility.

13 (d) The number of licensed and non-licensed clinical care providers who will
14 be assigned either full-time or part-time to provide clinical services at the proposed
15 healthcare facility, as well as the number of administrative staff to be assigned to the
16 proposed healthcare facility.

17 (e) The days of the week and hours of operation of the proposed healthcare
18 facility.

19 (f) A notarized affidavit from the chief executive officer of the entity seeking
20 approval for the proposed healthcare facility attesting to whether such entity had
21 previously sought to provide such services jointly or otherwise on a cooperative basis
22 with the hospital service district in whose territory the proposed healthcare facility
23 would be located, and the outcome of any such discussions.

24 (g) A statement of which healthcare services requiring a higher level of care
25 than those provided at the proposed healthcare facility would be referred back to the
26 home parish of the hospital service district seeking approval for the healthcare
27 facility, and which healthcare services, if any, would be referred to the hospital
28 service district for the parish where such proposed healthcare facility would be
29 located for higher level care services.

1 (h) A statement of whether the proposed healthcare facility will accept
2 Medicaid patients.

3 (i) A description of the method of financing for the construction of the
4 proposed healthcare facility including whether the financing would include bonds
5 issued on behalf of the hospital service district or affiliate seeking approval for the
6 proposed healthcare facility.

7 (j) If the hospital service district or its affiliate seeking approval for the
8 proposed healthcare facility is a governmental or nonprofit organization, a
9 description of the specific financial benefits, commitments, and programs that will
10 be made to the citizens of the hospital service district where the proposed healthcare
11 facility would be located regardless of ability to pay or insured status.

12 (k) The schedule for construction and operation.

13 (l) A description of any licenses, permits, zoning changes, and variances
14 which the applicant believes will be required to be obtained from any local or state
15 governmental authority in connection with the proposed healthcare facility.

16 (m) Any applications, permits, licenses, or approvals filed, applied for, or
17 issued prior to the determination of the governing board of the affected hospital
18 service district whether or not to consent to such healthcare facility shall be relatively
19 null.

20 D. An application seeking approval for any necessary building permits,
21 zoning variances, certificates of occupancy, and any other permits and licenses
22 required by local or state law for the construction, establishment, licensing,
23 operation, or relocation of a healthcare facility shall not be filed with any local or
24 state governmental authority for at least one hundred and twenty days after the
25 delivery of the notice to the affected hospital service district, and no such application
26 shall be considered complete and ready for approval by the local or state
27 governmental authority unless such application includes the following:

1 (1) A certified resolution of the governing board of the affected hospital
2 service district granting its consent to the proposed healthcare facility as described
3 in the notice provided by the applicant.

4 (2) A resolution from the governing board of the hospital service district or
5 it affiliate seeking approval for such healthcare facility attesting that the proposed
6 healthcare facility will be operated in strict accordance with the content of the notice
7 required by this Section and acknowledging that a failure to conduct the operations
8 of the proposed healthcare facility in accordance with the representations made by
9 the applicant in the notice shall result in withdrawal of the approvals, consents, and
10 licenses for the operation of the healthcare facility.

11 E. Notwithstanding any other laws to the contrary, including but not limited
12 to R.S. 40: 2115.11 et seq., no hospital service district or its affiliate may establish,
13 own, or operate a healthcare facility within the boundaries of another parish, or
14 within the boundaries of another hospital service district within its same parish,
15 without the express written consent of the hospital service district, if any, in which
16 such proposed healthcare facility is located. Prior to giving its approval and consent
17 for any such proposed healthcare facility to be located in its geographic limits, the
18 affected hospital service district may first hold a public meeting at which the affected
19 hospital service district, citizens of the affected community, and representatives of
20 the applicant may be heard.

21 F. Notwithstanding any provision of law to the contrary, R.S. 12:1705 shall
22 not be applicable to a hospital service district or its affiliate as such term is defined
23 in this Section. In addition, and notwithstanding any law to the contrary, approval
24 of any applications or actions relating to a hospital service district or its affiliate
25 pursuant to such law shall not affect, supersede, or negate the need for compliance
26 with all of the provisions of this Section.

27 Section 2. The provisions of this Act shall not apply to any healthcare facility that
28 was located, established, and in actual operation by a hospital service district or an affiliate
29 of the hospital service district within the geographic territory of another hospital service

1 district without the written consent of the impacted hospital district prior to the effective date
2 of this Act; provided, however unless the location, establishment, or operation of the
3 healthcare facility established without the written consent of the impacted hospital service
4 district has been enjoined by a court order, declared in violation of law by a court order,
5 terminated by written agreement between the parties, or has otherwise permanently ceased
6 operations and all signs have been removed prior to the commencement of an action by an
7 impacted hospital district, an impacted hospital service district may open the same number
8 of healthcare facilities in the geographical boundaries of the offending hospital service
9 district without regard to the provisions of this Act.

10 Section 3. The provisions of this Act shall apply prospectively from the effective
11 date.

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

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 607 Engrossed

2025 Regular Session

Zeringue

Abstract: Prohibits a hospital service district and its affiliates from establishing, operating, or locating any healthcare facility which is owned or controlled by a hospital service district or its affiliate outside of the geographic limits of its district boundaries absent the consent of the affected hospital service district.

Proposed law defines "affiliate", "healthcare facility", and "shared relationship".

Proposed law prohibits a hospital service district and its affiliates from establishing, operating, or locating any healthcare facility which is owned or controlled by a hospital service district or its affiliate outside of the geographic limits of its district boundaries, except as otherwise provided for in proposed law.

Proposed law provides that a private right of action to enforce the provisions of proposed law shall exist in favor of a hospital service district when another hospital service district or its affiliate establishes, operates, or locates a healthcare facility within the geographic limits of its district boundaries without full compliance with the provisions of proposed law.

Proposed law provides that the provisions of proposed law are not applicable when there is no hospital service district in legal existence for the proposed location of the healthcare facility, or when the two hospital service districts have entered into a written cooperative endeavor agreement approved by the governing boards of both hospital service districts or their designees.

Proposed law provides that hospital service districts are authorized to consent to the establishment, operation, and location of any healthcare facility which is owned, controlled or affiliated with a hospital service district or an affiliate thereof which is located in another parish, or located in another hospital service district within the same parish.

Proposed law provides that the notice required by proposed law shall include but not be limited to all of the following:

- (1) The location of the proposed healthcare facility.
- (2) A detailed description of the ownership and control of the entity seeking approval for the proposed location, and any affiliates.
- (3) The specific primary, specialized, and ancillary healthcare services to be offered at the proposed healthcare facility.
- (4) The number of licensed and non-licensed clinical care providers who will be assigned either full-time or part-time to provide clinical services at the proposed healthcare facility, as well as the number of administrative staff to be assigned to the proposed healthcare facility.
- (5) The days of the week and hours of operation of the proposed healthcare facility.
- (6) A notarized affidavit from the chief executive officer of the entity seeking approval for the proposed healthcare facility attesting to whether such entity had previously sought to provide such services jointly or otherwise on a cooperative basis with the hospital service district in whose territory the proposed healthcare facility would be located, and the outcome of any such discussions.
- (7) A statement of which healthcare services require a higher level of care than those provided at the proposed healthcare facility would be referred back to the home parish of the hospital service district seeking approval for the healthcare facility.
- (8) A statement of whether the proposed healthcare facility will accept Medicaid patients.
- (9) A description of the method for calculating the financial cost of the proposed healthcare facility.
- (10) Whether the hospital service district or its affiliate that is seeking approval for the proposed healthcare facility is a governmental or nonprofit organization and a detailed description of information required by proposed law.
- (11) The schedule for construction and operation.
- (12) A description of any licenses, permits, zoning changes, and variances which the applicant believes will be required to be obtained from any local or state governmental authority in connection with the proposed healthcare facility.
- (13) Any applications, permits, licenses or approvals filed, applied for or issued prior to the determination of the governing board of the affected hospital service district.

Proposed law provides that an application seeking approval for any necessary building permits, zoning variances, certificates of occupancy, and any other permits and licenses required by applicable local or state laws shall not be filed with any local or state governmental authority for at least 120 days after the delivery of the notice to the affected hospital service district.

Proposed law provides that the aforementioned application shall not be considered complete and ready for approval, unless the application includes all of the following:

- (1) A certified resolution of the governing board of the affected hospital service district granting its consent to the proposed healthcare facility.
- (2) A resolution from the governing board of the hospital service district or its affiliate seeking approval for such healthcare facility attesting that the proposed healthcare facility will be operated in strict accordance with the content of the notice and acknowledging that a failure to conduct the operations of the proposed healthcare facility in accordance with the information in the notice shall result in withdrawal of the approvals, consents, and licenses for the operation of the healthcare facility.

Proposed law prohibits a hospital service district or its affiliate from establishing, owning, or operating a healthcare facility within the boundaries of another parish, or within the boundaries of another hospital service district within its same parish, without the express written consent of the hospital service district.

Proposed law provides that, prior to giving its approval and consent for a proposed healthcare facility to be located in its geographic limits, the affected hospital service district may hold a public meeting.

Proposed law provides that the provisions of proposed law shall not apply to any healthcare facility that was located, established, and in actual operation by a hospital service district without written consent of the impacted hospital district prior to the effective date of proposed law.

Proposed law further provides that a hospital district that has been affected by a healthcare facility owned, leased, or affiliated with a another hospital service district may operate the same number of healthcare facilities in the offending hospital service district without regard to the provisions of proposed law.

Proposed law provides that the application of proposed law shall be prospective from the effective date.

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

(Adds R.S. 46:1069.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Health and Welfare to the original bill:

1. Clarify the definition of "affiliate" of a hospital service district.
2. Provide for applicability.
3. Make technical changes.