



## HOUSE BILL 321

### SUMMARY OF LEGISLATION

#### Transparency Requirements for Tax-Exempt Hospitals and Hospital Authorities

- Effective October 1, 2019, nonprofit hospitals, including private nonprofits, hospital authorities and restructured hospital authorities, must post links to the most recent version of the following information on the main page of their websites:
  - Audited financial statements that are general purpose financial statements, which express the unqualified opinion of an independent certified public accounting firm for the most recently completed fiscal year for the hospital and each of its active affiliates, including its parent corporation. The statements must include:
    - A PDF document
    - A note that identifies individual amounts for the hospital’s gross patient revenue, allowances, charity care, and net patient revenue
    - Audited consolidated financial statements for hospitals with subsidiaries and consolidating statements that at a minimum contain:
      - A balance sheet and statement of operations;
      - A break breakout of the hospital’s and each affiliate’s numbers; and
      - A report from independent accountants on other financial information
    - Audited consolidated financial statements for the hospital’s parent corporation and consolidating financial statements that at a minimum contain:
      - A balance sheet and statement of operations;
      - A breakout of the hospital’s and each affiliates numbers; and
      - A report from independent accountants on other financial information.
  - Audited Internal Revenue Service Form 990, including Schedule H and other applicable attachments.
    - Hospitals not required to file IRS Form 990 must complete a form created by the Department of Community Health [This would apply to traditional hospital authorities that are not also tax exempt under Section 501(c)(3) of the Internal Revenue Code. This is the same reporting requirement as is currently in place for eligible hospitals to participate in the rural hospital tax credit program.]
  - Completed annual hospital questionnaire. [This form is currently submitted to the Department of Community Health each year.]
  - Community benefit report required to be prepared by hospital authorities each year and filed with the Clerk of the Superior Court. [This report includes the cost of indigent and charity care provided by the hospital authority for the preceding year; a statement of the cost and type of indigent and charity care provided by the authority, including the number of indigent persons served; categorization of those persons by county of residence; and as well the cost of indigent and charity care provided in dollars.]

- Disproportionate Share Hospital Survey.
  - Listing of all real property holdings of the hospital, including:
    - Location
    - Size
    - Parcel ID number
    - Purchase price
    - Current use
    - Any improvements made to such property.
  - Listing of any ownership or interest the hospital has in any joint venture, partnership, subsidiary holding company, or captive insurance company, including:
    - Where any such entity is domiciled
    - Value of ownership or interest.
  - Listing of any bonded indebtedness, outstanding loans, bond defaults (whether or not in forbearance), and bond disclosure sites.
  - Report that identifies by purpose, the ending fund balances of the net assets of the hospital and each affiliate as of the close of the most recently completed fiscal year, distinguishing between fund balances that are:
    - Donor permanently restricted
    - Donor temporarily restricted
    - Board restricted
    - Unrestricted.
  - All going concerns statements regarding the hospital.
  - The most recent legal chart of corporate structure, including the hospital, each of its affiliates and subsidiaries, and its parent corporation.
  - Listing of the salaries and fringe benefits for the ten highest paid administrative positions in the hospital, including:
    - Complete, unabbreviated title
    - All forms of compensation, whether actual or deferred, made on behalf of the employee
    - Whether employment is full or part-time.
  - Evidence of accreditation by accrediting bodies, including, but not limited to, the Joint Commission and DNV.
  - Policies regarding the provision of charity care and reduced cost services to the indigent, excluding medical assistance recipients, and debt collection practices.
  - All information must be updated on July 1 of each year.
  - All information must be prepared in accordance with generally accepted accounting principles.
  - If a hospital fails to post the required information within 30 days of the date required, it shall be suspended from receiving state funds or from participation in the rural hospital tax credit program.
    - Hospitals must be given notice of any deficiency and an opportunity to correct such deficiency prior to the suspension of funds
- [Any suspension of state funds would include Medicaid payments.]
- Any person who knowingly and willfully includes false, fictitious, or fraudulent information in any documents required to be posted may be fined up to \$1000 or imprisoned for one to five years, or both.
- [HB 186 also contains transparency requirements for nonprofit hospitals. Much of the same information would be available, but hospitals would only be required to post their IRS Form 990s, hospital financial surveys, and annual hospital questionnaires.]

**Hospital Authority Boards** – Members of a hospital authority board at the time of a sale or lease of a hospital owned by the hospital authority are subject to the conflict of interest requirements under Georgia’s nonprofit Code with respect to the proceeds of such sale or lease.

**Hospital Provider Payment Program** – The HPPP is extended for an additional five years. It was scheduled to expire on June 30, 2020, and is now scheduled to expire June 30, 2025.

**Rural Hospital Tax Credit**

- Tax credit extended to 2024
- Hospitals with a three-year average patient margin of greater than one standard deviation above the state-wide three-year average will not be eligible for donations under the rural hospital tax credit program
  - Patient margin means gross patient revenues less contractual adjustments, bad debt, indigent and charity care, other uncompensated care, and total expenses  
[This new eligibility requirement is not contained in HB 186.]
- DCH required to provide information on the process for the ranking of hospitals by financial need
- DCH must post on its website:
  - List of eligible hospitals
  - Ranking information
  - Annual report
  - Total amount received by Georgia HEART
  - Link to Department of Revenue (DOR) website
- Undesignated donations made via Georgia HEART or DOR go to the highest ranked hospital until its individual cap is met [Undesignated donations are not addressed in HB 186.]
- Georgia HEART has to provide donors with complete list of eligible hospitals and ranking (not just Georgia HEART hospitals)
- DOR must post on its website:
  - All applicable timelines and deadlines for the tax credit
  - List and ranking of eligible hospitals
  - Monthly progress reports by hospital
  - List of undesignated donations and hospitals they went to
- Department of Audits and Accounts (DOAA) conducts annual audit of the program