



July 23, 2019

Via: Overnight Mail and Electronic Mail

Frank W. Berry, Commissioner
Georgia Department of Community Health
2 Peachtree Street, NW
Atlanta, Georgia 30303

RE: House Bill 321 –Transparency Requirements for Tax-Exempt Hospitals

Dear Commissioner Berry:

As you know, House Bill 321, which was passed by the General Assembly during its 2019 legislative session and signed into law by Governor Brian Kemp on April 25, 2019, contained unprecedented financial transparency and reporting requirements for tax-exempt hospitals. Under the new law, codified as O.C.G.A. § 31-7-22, beginning on October 1, 2019, tax-exempt hospitals are required to collect and post an array of financial and other operational information on their websites.

Given the rapidly approaching compliance deadline, hospitals are working now to compile the extensive amount of information required to be posted, much of which requires hospitals to create new reports or lists. Unfortunately, because many of the statutory requirements are vague or use undefined terms inconsistently, the Georgia Hospital Association (“GHA”) and the Georgia Alliance of Community Hospitals (“GACH”), together the “Associations”, have been contacted with questions from member hospitals seeking to understand the law so they will be prepared to post the requisite information in a timely manner. In addition, some of the statutory requirements use terminology or concepts that are not aligned with generally accepted accounting principles or typical reporting or auditing standards, which has led to additional uncertainty.

Accordingly, the Associations convened a stakeholder meeting in May to better understand and identify the hospitals’ questions and concerns. As a result of member feedback, and with the help of accounting firm of Draffin & Tucker, the Associations collaborated to develop for the Department’s consideration proposed rules designed to implement the law in a fair and reasonable manner consistent with our understanding of the intent of the General Assembly. The draft proposed rules, along with background and explanatory information, were provided to the

July 23, 2019

Page 2 of 3

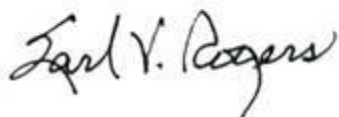
Department on June 26, 2019. (A courtesy copy of the document is enclosed for your convenience.)

Under the time constraints imposed by the Georgia Administrative Procedures Act, the Department likely will not be able to promulgate final rules and regulations to administer O.C.G.A. § 31-7-22 prior to October 1st. In the absence of clarifying regulations or other official guidance from the Department, we expect there will be reasonably differing interpretations of the statutory requirements, which inevitably will result in lack of uniformity across the state with respect to the type, scope and form of information posted. Such lack of uniformity likely will cause confusion as members of the public attempt to review and compare hospital financial and operational information. Additionally, the internal and external costs of gathering the required information is magnified by uncertainty regarding the type, scope, or form of information required to be posted. As such, we respectfully request the Department officially delay enforcement of O.C.G.A. § 31-7-22 until at least 120 days after interpretive rules and regulations are finally adopted in order to allow reasonable time for hospitals to gather, validate, and post the required information.

In the interim, to help our members comply with O.C.G.A. § 31-7-22 absent an enforcement delay, final implementing regulations, or other official guidance from the Department, the Associations developed (1) optional guidelines, and (2) five optional templates that hospitals may choose to use to promote consistency (collectively the "Association Guidelines and Templates"). Copies of these documents are enclosed for your information. As you will note, the Association Guidelines and Templates contain various assumptions and proposed definitions. We recognize that these are not the only possible reasonable interpretations of the statutory requirements and that some hospitals (and their legal counsel, accountants, and other advisors) may have different, equally reasonable interpretations. Thus, the Association Guidelines and Templates are offered simply as an optional tool to assist member hospitals that may not otherwise use different reporting mechanisms or definitions in connection with their normal financial or operational data collection, decision support, or financial or operational reporting. In these circumstances, the failure of any hospital to use any of the optional guidelines or templates should not be construed as noncompliance with O.C.G.A. § 31-7-22. Please let us know if you have any questions or concerns regarding the purpose or content of the Association Guidelines and Templates.

As always, the Associations welcome the opportunity to work with the Department on proposed rules or other official guidance to help clarify the provisions of O.C.G.A. § 31-7-22.

Sincerely,



Earl V. Rogers
President and CEO
Georgia Hospital Association



Monty Veazey
President and CEO
Georgia Alliance of Community Hospitals

GHA/GACH Letter re House Bill 321

July 23, 2019

Page 3 of 3

cc: Rachel King, General Counsel, Department of Community Health

Enclosures: Proposed Optional Guidelines
Optional Templates
List of Real Property Holdings Owned by Hospital
List of Hospital JVs and Ownership Interests
Listing of Hospital Indebtedness
Report of End of Year Net Assets
Compensation/Benefits Report
Draft Proposed Rules