

# STATE OF NEW YORK

8987

## IN SENATE

April 8, 2024

Introduced by Sen. RIVERA -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law, in relation to hospital establishment

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Subdivision 1 of section 2801-a of the public health law,  
2 as amended by section 57 of part A of chapter 58 of the laws of 2010, is  
3 amended to read as follows:

4 1. (a) No hospital, as defined in this article, shall be established  
5 except with the written approval of the public health and health plan-  
6 ning council. No certificate of incorporation of a business membership  
7 or not-for-profit corporation shall hereafter be filed which includes  
8 among its corporate purposes or powers the establishment or operation of  
9 any hospital, as defined in this article, or the solicitation of  
10 contributions for any such purpose, or two or more of such purposes,  
11 except with the written approval of the public health and health plan-  
12 ning council, and when otherwise required by law of a justice of the  
13 supreme court, endorsed on or annexed to the certificate of incorpo-  
14 ration. No articles of organization of a limited liability company  
15 established pursuant to the New York limited liability company law which  
16 includes among its powers or purposes the establishment or operation of  
17 any hospital as defined in this article, shall be filed with the depart-  
18 ment of state except upon the approval of the public health and health  
19 planning council.

20 (b) For the purposes of this subdivision, a person (other than a  
21 person acting solely as a member of the governing body of a hospital or  
22 an employee of a hospital), partnership, company, stockholder, member,  
23 corporation or other entity shall be deemed to have authority to operate  
24 a hospital if it has or shares decision-making authority over any of the  
25 following:

26 (i) appointment or dismissal of a hospital's management-level employ-  
27 ees or medical staff;

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 (ii) election or removal of members of the governing board or corpo-  
2 rate officers of the hospital;

3 (iii) approval of the hospital's operating or capital budgets;

4 (iv) adoption, approval or enforcement of the hospital's operating  
5 policies or procedures;

6 (v) approval of applications for construction or establishment  
7 approval filed by or on behalf of the hospital;

8 (vi) approval of hospital debt necessary to finance the cost of  
9 compliance with operational or physical plant standards required by law;

10 (vii) approval of contracts for management of the hospital or for  
11 clinical services at the hospital; and

12 (viii) approval of settlements of administrative proceedings or liti-  
13 gation to which the hospital is party that exceed the hospital's insur-  
14 ance coverage or coverage by any applicable self-insurance fund.

15 (c) Any person, partnership, company, stockholder, member, or corpo-  
16 ration, or other entity with authority to operate a hospital shall be  
17 subject to approval for establishment by the public health and health  
18 planning council under this section, unless otherwise authorized by this  
19 chapter to operate a hospital without such establishment approval.

20 (d) Any assignment or delegation of any authority to operate a hospi-  
21 tal, as set forth in paragraph (b) of this subdivision shall be subject  
22 to approval for establishment by the public health and health planning  
23 council under this section, except for:

24 (i) assignment or delegation by the governing body of the hospital to  
25 a committee of the governing body, a corporate officer or an employee of  
26 the hospital; or

27 (ii) a management contract under which a governing body contracts with  
28 an entity to manage day-to-day operations of a hospital or a portion or  
29 service thereof, provided that such a management contract shall require  
30 the written approval of the commissioner before it may take effect.

31 § 2. This act shall take effect immediately.