STATE OF NEW YORK

8987--A

Cal. No. 999

IN SENATE

April 8, 2024

Introduced by Sens. RIVERA, WEBB -- read twice and ordered printed, and when printed to be committed to the Committee on Health -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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:

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

1. **(a)** No hospital, as defined in this article, shall be established except with the written approval of the public health and health planning council. No certificate of incorporation of a business membership or not-for-profit corporation shall hereafter be filed which includes among its corporate purposes or powers the establishment or operation of any hospital, as defined in this article, or the solicitation of contributions for any such purpose, or two or more of such purposes, except with the written approval of the public health and health planning council, and when otherwise required by law of a justice of the supreme court, endorsed on or annexed to the certificate of incorporation. No articles of organization of a limited liability company established pursuant to the New York limited liability company law which includes among its powers or purposes the establishment or operation of any hospital as defined in this article, shall be filed with the department of state except upon the approval of the public health and health planning council.

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

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

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(i) appointment or dismissal of a hospital's management-level employees or medical staff;

(ii) election or removal of members of the governing board or corporate officers of the hospital;

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

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

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

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

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

(viii) approval of settlements of administrative proceedings or litigation to which the hospital is party that exceed the hospital's insurance coverage or coverage by any applicable self-insurance fund.

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

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

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

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

§ 2. This act shall take effect immediately, provided, however, that the provisions of this act shall only apply to applications submitted to the public health and health planning council seeking approval for establishment after the effective date of this act.