§ 2825-i. Healthcare safety net transformation program. 1. (a) A statewide healthcare safety net transformation program shall be established within the department for the purpose of supporting the transformation of safety net hospitals to improve access, equity, quality, and outcomes while increasing the financial sustainability of safety net hospitals. Such program may provide or utilize new or existing capital funding, or operating subsidies, or both. Any application for this program must be jointly submitted by a safety net hospital and at least one partner organization.

(b) All applications shall demonstrate how the requested funding and regulatory flexibilities are necessary to achieve the program goals of improving the safety net hospital's financial outlook and improving health outcomes for the communities it serves. The commissioner shall develop an application for this program that includes but is not limited to the following information:

(i) key organizational information, including the organizational structure of the safety net hospital and partner organization (including any parent or subsidiary, and the interrelationship between all such organizations) and the name, business address, and biography of each director and officer of the safety net hospital, the partner, and other organizations within either the safety net hospital's or the partner's organizational structure;

(ii) the type of collaborative model proposed, including but not limited to a merger, acquisition, management services contract, or clinical integration;

(iii) a detailed description of the proposed transformation plan that includes, at a minimum, a five-year strategic and operational plan outlining the roles and responsibilities of the safety net hospital and partner organization;

(iv) a timeline of key metrics and goals;

(v) any regulatory flexibilities required to implement such plan, including the justification for why such flexibilities are necessary for the transformation plan to achieve an improved financial outlook for the safety net hospital and improved health outcomes for the communities it serves;

(vi) the amount of funding requested for the first five years and projected needs thereafter, including the rationale for why such funding

is necessary for the transformation plan to achieve an improved financial outlook for the safety net hospital and improved health outcomes for the communities it serves; and

(vii) detailed plans for any operational surplus after reaching financial sustainability.

2. The commissioner shall enter an agreement with the president of the dormitory authority of the state of New York pursuant to section sixteen hundred eighty-r of the public authorities law, as required, which shall apply to this agreement, subject to the approval of the director of the division of the budget, for the purposes of the distribution and administration of available funds pursuant to such agreement and made available pursuant to this section and subject to appropriation. Such funds may be awarded and distributed by the department to safety net hospitals, or a partner organization, in the form of grants. To qualify as a safety net hospital for purposes of this section, a hospital shall:

(a) be either a public hospital, a rural emergency hospital, critical access hospital or sole community hospital;

(b) have at least thirty percent of its inpatient discharges made up of medical assistance program eligible individuals, uninsured individuals or medical assistance program dually eligible individuals and at least thirty-five percent of its outpatient visits made up of medical assistance program eligible individuals, uninsured individuals or medical assistance program dually-eligible individuals;

(c) serve at least thirty percent of the residents of a county or a multi-county area who are medical assistance program eligible individuals, uninsured individuals or medical assistance program dually-eligible individuals; or

(d) in the discretion of the commissioner, serve a significant population of medical assistance program eligible individuals, uninsured individuals or medical assistance program dually-eligible individuals.

3. Partner organizations may include, but are not limited to, health systems, hospitals, health plans, residential health care facilities, physician groups, community-based organization, or other healthcare entities who can serve as partners in the transformation of the safety net hospital.

4. Notwithstanding section one hundred sixty-three of the state finance law, sections one hundred forty-two and one hundred forty-three of the economic development law or any inconsistent provisions of law to the contrary, awards may be provided without a competitive bid or request for proposal process to safety net hospitals or partner organizations for purposes of increasing access, equity, quality, outcomes, and long-term financial sustainability of such safety net hospitals.

5. Notwithstanding any provision of law to the contrary, the commissioner may waive regulatory requirements to allow applicants to more effectively or efficiently implement projects awarded through the healthcare safety net transformation program, provided, however, that regulations pertaining to minimum standards for hospitals for patient safety, patient autonomy, patient privacy, patient rights, quality of care, safe staffing, adverse event reporting, due process, scope of practice, professional licensure, environmental protections, infection control, provider reimbursement methodologies, character and competence, or occupational standards and employee rights shall not be waived, nor shall any regulations be waived if such waiver would risk patient safety. Such waiver shall not exceed the life of the project or such shorter time periods as the commissioner may determine. Any regulatory relief granted pursuant to this subdivision shall be specifically described and requested within each project application and be reviewed by the commissioner.

6. Continued support under the program shall be contingent upon the implementation of the approved plan and key milestones.

7. The release of any funding will be contingent upon compliance with the transformation plan and a determination that acceptable progress has been made with such plan. If key milestones and goals are not met, additional financial resources may be withheld and redirected, upon the recommendation of the commissioner and approval by the director of budget.

8. The commissioner shall provide a report on an annual basis to the speaker of the assembly, the temporary president of the senate, the chair of the assembly ways and means committee, the chair of the senate finance committee, and the director of the division of budget, on any transformation plan approved under this section, including information on partnership agreements, and any amendments thereto. The report shall also include for each award, the name of the hospital and partner, the corporate structure of any partner organization, a description of the project and its purpose, the amount of the award and the disbursement date, the regulations waived for each project and the justification for such waiver, and the status of achievement of performance metrics and milestones. Such report shall be provided until such time as the department determines that the projects that receive funding pursuant to this section are substantially complete.