§ 2904-b. Health systems agencies. 1. For the purposes of this section, "health systems agency" shall mean a corporation organized pursuant to the not-for-profit corporation law which is approved by the governor pursuant to subdivision (c) of section twenty-nine hundred four of this article, incorporated within the state, which is not a subsidiary of, or otherwise controlled by, any other private or public corporation or other legal entity, and which only engages in health planning and development activities and functions.

2. The powers of a health systems agency shall include those necessary to perform the duties and functions provided for in this section.

3. An employee who participates in the management of a health benefit plan may serve as a member of the board of directors of a health systems agency representing employers or unions. No member may participate or vote in agency proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a financial interest in the outcome of the board's proceedings other than as an individual consumer of health care services.

4. Each such health systems agency shall consist of a fixed number of members as determined by the health systems agency upon recommendation of the regional nominating committee established pursuant to section twenty-nine hundred four-c of this article to be necessary to appropriately represent the diverse needs and concerns of the region. The regional nominating committee shall approve a board of directors of such health systems agency in accordance with section two thousand nine hundred four-c of this article that is broadly representative of the region served by the agency and that meets the following requirements:

(a) A majority of the members, but not more than sixty percent of the members, shall be residents of the health service region served by the agency who are consumers of health care and major purchasers of health care, including labor organizations and business corporations, in the region. A consumer shall mean a person who is not a provider of health care as defined in accordance with paragraph (c) of this subdivision.

(b) The remainder of the members shall be residents of or have their principal place of business in the health service region served by the

agency who are providers of health care and who, to the extent practicable, are representative of the variety of disciplines and interests of the health care system including (i) physicians, dentists, nurse practitioners, nurses, optometrists, podiatrists, physician's assistants, and other health professionals; (ii) health facilities including hospitals; (iii) health care insurers; (iv) health maintenance organizations; (v) health professional schools; (vi) the allied health professions; and (vii) other providers of health care. Not less than one-half of the providers of health care of the governing body of a health systems agency shall be direct providers of health care and of such direct providers of health care, at least one shall be a person engaged in the administration of a health facility.

(c) A "provider of health care" means an individual (i) who is a direct provider of health care or who is a representative of different disciplines, professions or sectors of health care providers and whose primary current activity is the provision of health care to individuals or the administration (including trustees or members of boards of directors) of health facilities in which such care is provided; or (ii) who holds a fiduciary position with, or has a fiduciary interest in, any entity which has as its primary purpose the delivery of health care, the conduct of research into or instruction for health professionals in the provision of health care, or the production of or supply of drugs or other articles for individuals or entities for use in the provision of or in research into or instruction in the provisions of health care; or (iii) who is a professional in the provision of health care, or the production of or supply of drugs or other articles for individuals or entities for use in the provision of or in research into or instruction in the provision of health care; or (iv) who is a professional employee of a health professions school; or (v) who is a spouse of an individual described in subparagraph (i), (ii), (iii) or (iv) of this paragraph.

(d) Any individual may nominate another individual for consideration by the health systems agency for appointment to the board of directors of the respective agency. Such nominee shall reside or have their principal place of business within the respective health service region. In considering an individual for appointment to such agency, the agency shall, to the extent practicable, submit to the regional nominating committee prospective members which are representative of local

government, local health care providers, payors, consumers of health care, members of labor organizations and business corporations.

5. (a) Members of the agency appointed on or after January first, nineteen hundred ninety-four shall have fixed terms of five years. No persons appointed on or after January first, nineteen hundred ninety-four shall be a member of an agency for more than ten years in any period of fifteen consecutive years including periods prior to January first, nineteen hundred ninety-four. A person appointed to fill a membership vacancy on an agency shall be representative of that membership category. The commissioner, in consultation with the health systems agencies, shall devise an equitable method of converting to these membership term requirements so that all such agencies shall be in compliance by December thirty-first, nineteen hundred ninety-six.

(b) A board member shall hold over and continue to discharge the duties of his position after the expiration of the term for which such board member shall have been appointed until a successor shall be chosen and qualified; but after the expiration of such term, the position shall be deemed vacant for the purpose of choosing a successor. An appointment for a term shortened by reason of a predecessor holding over shall be for the residue of the term only.

6. A health systems agency may establish standing committees, subcommittees, and advisory committees as deemed necessary. To the extent practicable, all standing committees, subcommittees, and advisory groups appointed by the health systems agency shall be appointed in such manner as to provide broad representation in such a manner that a majority of the members shall be consumers of health care.

7. Each health systems agency shall:

(a) recommend to the appropriate authority approval or disapproval of applications for the establishment or construction of a hospital, the certification of home health agencies, and the authorization to provide a long-term home health care program; provided, however, that any such studies or activities conducted by the agency preparatory to such approval or disapproval shall not include any such study or activity regarding financial feasibility, character or competence, or

architectural and technical analysis;

(b) assist appropriate state agencies in the development of standards and guidelines to determine public need for hospital and other health services;

(c) serve as a community resource to actively promote increased public knowledge and responsibility regarding the availability and appropriate utilization of health care services;

(d) develop regional health plans and carry out facility and health services planning;

(e) identify in consultation with local providers, employers, payors, and consumers priorities for improving health care delivery in the region;

(f) promote cooperative ventures, networking, and other voluntary cooperative efforts to improve quality, efficiency, affordability, and access to health care services in the region, including the provision of technical assistance to rural networks;

(g) perform special studies to identify health care needs and service requirements in the region;

(h) review and comment on community service plans;

(i) conduct community education for consumers, providers, payors and for the general public in the region;

(j) collect and maintain regional and other health care data to be made available to the public, researchers, providers and others for health care education and development in the region;

(k) assist in the development and implementation of regional and local health delivery system initiatives including global budgets, rural networks and health networks;

(l) make recommendations for improving health care status and identify gaps and needed health care services in the region;

(m) undertake other activities to promote the delivery of health care services in the region with the goal of improving affordability, quality, efficiency, and access to health care services;

(n) when requested by the commissioner or otherwise required by law or regulation, provide recommendations to the commissioner regarding the awarding of grants for health services in the region;

(o) coordinate its activities with other appropriate general or special purpose regional health and human services planning or

administrative agencies including area agencies on aging, local and regional alcohol abuse, drug abuse and mental health planning agencies, social services agencies, county public health departments, and local health officers. The health systems agency shall, as appropriate, obtain data from other agencies for use in planning and development activities, enter into agreements with other such agencies, and to the extent practicable, provide technical assistance to such other agencies;

(p) submit a semi-annual report to the senate and assembly health committees detailing the activities of each agency during that reporting period;

(q) annually submit a copy of its operating budget to the chairman of the senate finance committee and the chairman of the assembly ways and means committee and the director of the division of the budget. Such operating budget shall contain information detailing contributions received and the types and sources of contributions eligible for matching grants;

(r) not permit local contributions from organizations or individuals, including but not limited to, a health care provider subject to the provisions of article twenty-eight, thirty-six or forty-four of this chapter, who are subject to review by the health systems agencies provided, however, that this prohibition shall not apply to local governments or to associations representing health care providers as described herein;

(s) through its board of directors adopt rules governing the agency's ability to sell resources and engage in fee for service activities or other contractual arrangements. No health systems agency shall engage in any fee for service activity with a provider or potential provider of health care services except local government without prior approval of the state hospital review and planning council. Such approval shall be issued or denied in a timely manner;

(t) perform any other duties and functions of the health systems agency required by law; and

(u) meet as often as necessary to carry out their functions pursuant to this section.

8. Each health systems agency may hire an executive director. The executive director may hire employees and consultants as authorized by

the agency and may prescribe their duties.

9. The commissioner upon request of the health systems agencies may provide technical assistance to the agency for the duties and activities prescribed herein.

10. The governor shall withdraw approval given to health systems agencies for failure to comply with such requirements or failure thereafter to comply with such requirements.

11. The commissioner may promulgate such rules and regulations including performance criteria as necessary to carry out the purposes of this article.

12. The commissioner shall promulgate rules and regulations regarding conflicts of interest and records of the health systems agencies.