AMENDED

May 3, 2018

**S. 1116**

Introduced by Senators Timmons and Talley

S. Printed 5/3/18--H.

Read the first time March 22, 2018.

**A** **BILL**

TO AMEND ACT 432 OF 1947, AS AMENDED, RELATING TO THE ESTABLISHMENT OF THE GREENVILLE HEALTH SYSTEM, SO AS TO CHANGE THE NAME TO GREENVILLE HEALTH AUTHORITY, AND TO PROVIDE FOR THE FULFILLMENT OF GREENVILLE HEALTH AUTHORITY’S PURPOSE THROUGH THE OPERATION OF FACILITIES AND DELIVERY OF SERVICES BY AGREEMENT WITH NONPROFIT ENTITIES; AND TO RATIFY THE ACTIONS OF THE GREENVILLE HEALTH SYSTEM IN ENTERING INTO THE AMENDED MASTER AFFILIATION AGREEMENT AND THE LEASE AND CONTRIBUTION AGREEMENT.

Amend Title To Conform

Whereas, by passage of Act 432 in 1947, the General Assembly provided for the operation and maintenance of adequate hospital facilities for the residents of Greenville County by the establishment of the Greenville General Hospital Board of Trustees, now known as the Greenville Health System and upon passage of this act, as the Greenville Health Authority; and

Whereas, the powers conferred upon the Greenville Health System include the power to operate hospitals and other health care facilities, acquire and dispose of real and personal property, enter into affiliation and other similar agreements, and to exercise the powers granted to regional health service districts; and

Whereas, since the establishment of the Greenville Health System, the provision of health care services has changed drastically and the Greenville Health System has developed into an integrated multi‑hospital and multi‑county delivery system, including an academic medical center and an affiliation with an employed multi‑county physician network; and

Whereas, to facilitate the improvement of health care in its service area and to respond to the changing demands and environment for providing health care services, the Greenville Health System provided for the establishment of two nonprofit entities, the Strategic Coordinating Organization, whose purpose is to, among other things, provide strategic direction for the entire integrated health system with centralized corporate, support, and compliance services, and the Upstate Affiliate Organization, who purpose is to, among other things, provide hospital and health care services in the Greenville Health System service area; and

Whereas, the decision to establish the two nonprofit entities did not include input from the Greenville Delegation, Greenville County Council, or the citizens of Greenville County through an advisory referendum; and

Whereas, the decision not to seek an affirmative vote by the Greenville Delegation, Greenville City Council, or the citizens of Greenville County by an advisory referendum created the appearance of uncertainty as to the legitimacy of the reorganization’s effectiveness and authority; and

Whereas, subsequent to the establishment of the Upstate Affiliate Organization and Strategic Coordinating Organization the three entities entered into a Master Affiliation Agreement, dated as of March 9, 2016, for the purpose of establishing a system designed to develop, through their own efforts and the participation of other entities in the future, an extensive integrated health care delivery system; and

Whereas, in furtherance of the affiliation goals and objectives, the shared vision, shared governance and foundation principals, and shared commitments, all as set forth in the Master Affiliation Agreement, the Greenville Health System, and the Upstate Affiliate Organization entered into a Lease and Contribution Agreement, dated March 9, 2016, for the purpose of leasing Greenville Health System assets to the Upstate Affiliate Organization in exchange for the Upstate Affiliate Organization’s assumptions of Greenville Health System’s obligation to operate facilities and provide health care services; and

Whereas, the Master Affiliation has been amended to address many concerns expressed by the members of the Greenville Delegation, Greenville City Council, and the citizens of Greenville County through their elected officials. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. A. The General Assembly ratifies and confirms the actions of the Greenville Health System in entering into the amended Master Affiliation Agreement and the Lease and Contribution Agreement.

B.1. The ratification and confirmation, as provided in subsection A., is based on the following provisions being included in the Lease and Contribution Agreement: During the initial term and any renewal of the Lease and Contribution Agreement, the agreement shall contain the following rights and powers vested in the Lessor and shall require the Lessee to fulfill the following obligations, which rights and obligations and policies in connection therewith, cannot be substantively changed without approval of the Greenville County Legislative Delegation:

a. Provision of $1,000,000 by the Lessee for use by the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) in oversight and enforcement of the obligations of the Lessee under the Lease and Contribution Agreement;

b. The right of the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) as the Lessor to require that the Lessee provide for the delivery of healthcare in a manner consistent with the requirements of Act 432 of 1947, including but not limited to,

(i) the provision of charity and indigent care;

(ii) participation in Medicare and Medicaid;

(iii) maintenance of all licenses for its facilities and services;

(iv) maintenance of the Lessee’s existence as a not for profit entity;

(v) the provision of inpatient and outpatient hospital services and emergency services consistent with those provided regionally by other safety net hospitals;

(vi) the commitment to not discriminate based on race, religion, or other protected class;

(vii) a commitment to diversity, inclusion, and a just culture;

(viii) the operation of the facilities in furtherance of meeting the public needs of the community;

(ix) the provision at all times that not less than ninety percent of the members of the Lessee’s Board of Directors shall reside in or have business interests in the regions served by the Lessee including specifically Oconee, Laurens, and Pickens Counties;

(x) adequately maintaining and insuring the leased facilities;

(xi) the provision of $6,000,000 per year for the terms of the lease, including renewal, to the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System), $4,000,000 of which shall be used in supporting health‑related care, research, and education initiatives benefiting the residents of Greenville County of which twenty-five percent must be allocated to underprivileged communities, $1,000,000 to be distributed among municipalities within Greenville County and $1,000,000 payable to Greenville County; and

(xii) modification of the dispute resolution and enforcement rights of the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) to require compliance with the terms of the Lease and with appeals to the court of appeals.

c. The obligation of the Lessee to be accountable to the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) and the community and to annually report to the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) in a public meeting on its compliance with the requirements of the Lease and Contribution Agreement. The members of the Greenville County Legislative Delegation must be invited to the meeting and an opportunity will be provided to them and the public to provide input on community healthcare needs.

d. The right of the Greenville Health Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System), as lessor to set the initial terms of the Lease and Contribution Agreement at thirty‑four years and the right to provide for extensions of the initial term in four‑year increments which must be affirmatively approved by the governing board of the Greenville Health Authority.

e. In making the recommendations to the Greenville County Legislative Delegation of members to serve on the governing board of the lessor, as required under Act 432 of 1947, as amended, the lessor shall nominate individuals to serve at-large so that at all times an individual residing in a specified county as set forth in section 5.10 of the lease, shall have received the concurrence of the Legislative Delegation of that county.

(2) In addition to the requirements of subsection B.1. of this section, the ratification and confirmation, as provided in subsection A of this section, is based on the following provisions being included in the Master Affiliation Agreement: A dispute resolution process that is the same as the dispute resolution process contained in the Lease and Contribution Agreement.

SECTION 2. Section 1(A) of Act 432 of 1947, as redesignated by Act 105 of 2013 and then amended by Act 102 of 2015, is further amended to read:

“(A) For the purpose of operating and at all times maintaining adequate hospital facilities for the residents of Greenville County, including those residents in the City of Greenville and as otherwise provided by law, including, but not limited to, Section 44‑7‑78, Code of Laws of South Carolina, 1976, there is established the Greenville Health ~~System~~ Authority (formerly known as the Greenville Hospital System and later as the Greenville Health System) which must be governed by a board of trustees selected pursuant to this section.”

SECTION 3. Section 2 of Act 432 of 1947, as redesignated and amended by Act 105 of 2013, is further amended by adding an appropriately numbered item to read:

“( ) provide for the fulfillment of the Greenville Health Authority’s purpose through agreements and leases by the Greenville Health Authority with not‑for‑profit entities. The power conferred upon the Greenville Health Authority by this item includes the power to participate in a system comprised of nonprofit entities in which strategy is centrally established and coordinated, affiliated nonprofit entities are part of the system and provide care, programs and services, and resources of system participants are used in support of the system.”

SECTION 4. The authorizations and powers conferred in this act on the Greenville Health Authority are in addition to any authorizations and powers previously conferred by the General Assembly on the Greenville Health Authority and nothing contained in this act shall be construed to limit or restrict the authorizations and powers of the Greenville Health Authority.

SECTION 5. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 6. This act takes effect upon approval by the Governor.

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