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CS/CS/HB 395, Engrossed 1

2011 Legislature

1 A bill to be entitled
2 An act relating to the University of Florida J. Hillis
3 Miller Health Center; amending s. 1004.41, F.S.;
4 correcting the name of one of the health center's
5 colleges; specifying that the University of Florida Board
6 of Trustees shall lease Shands Teaching Hospital and
7 Clinics on the Gainesville campus to Shands Teaching
8 Hospital and Clinics, Inc.; specifying the primary purpose
9 of Shands Teaching Hospital and Clinics, Inc.; providing
10 requirements for lease, contract, or agreement between the
11 University of Florida Board of Trustees and Shands
12 Teaching Hospital and Clinics, Inc.; authorizing the
13 creation of corporate subsidiaries and affiliates;
14 providing the right of control; providing for sovereign
15 immunity; providing that Shands Jacksonville Medical
16 Center, Inc., and its parent, Shands Jacksonville
17 HealthCare, Inc., are private not-for-profit corporations
18 organized primarily to support the health affairs mission
19 of the University of Florida Board of Trustees;
20 authorizing the creation of corporate subsidiaries and
21 affiliates; providing requirements for lease, contract, or
22 agreement between the University of Florida Board of
23 Trustees and the corporations; providing the right of
24 control; providing for sovereign immunity; providing for
25 application; providing an effective date.

26
27 Be It Enacted by the Legislature of the State of Florida:
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29 Section 1. Section 1004.41, Florida Statutes, is amended
30 to read:

31 1004.41 University of Florida; J. Hillis Miller Health
32 Center.—

33 (1) There is established the J. Hillis Miller Health
34 Center at the University of Florida, including campuses at
35 Gainesville and Jacksonville and affiliated teaching hospitals,
36 which shall include the following colleges:

37 (a) College of Dentistry.

38 (b) College of Public Health and Health Professions.

39 (c) College of Medicine.

40 (d) College of Nursing.

41 (e) College of Pharmacy.

42 (f) College of Veterinary Medicine and related teaching
43 hospitals.

44 (2) Each college of the health center shall be so
45 maintained and operated as to comply with the standards approved
46 by a nationally recognized association for accreditation.

47 (3) (a) The University of Florida Health Center Operations
48 and Maintenance Trust Fund shall be administered by the
49 University of Florida Board of Trustees. Funds shall be credited
50 to the trust fund from the sale of goods and services performed
51 by the University of Florida Veterinary Medicine Teaching
52 Hospital. The purpose of the trust fund is to support the
53 instruction, research, and service missions of the University of
54 Florida College of Veterinary Medicine.

55 (b) Notwithstanding the provisions of s. 216.301, and
56 pursuant to s. 216.351, any balance in the trust fund at the end

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57 of any fiscal year shall remain in the trust fund and shall be
58 available for carrying out the purposes of the trust fund.

59 (4) (a) The University of Florida Board of Trustees shall
60 lease the hospital facilities of the health center known as ~~the~~
61 Shands Teaching Hospital and Clinics on the Gainesville campus
62 of the University of Florida and all furnishings, equipment, and
63 other chattels or choses in action used in the operation of
64 Shands Teaching Hospital and Clinics ~~the hospital~~, to Shands
65 Teaching Hospital and Clinics, Inc., a private not-for-profit
66 corporation organized ~~solely~~ for the primary purpose of
67 supporting the University of Florida Board of Trustees' health
68 affairs mission of community service and patient care, education
69 and training of health professionals, and clinical research. In
70 furtherance of that primary purpose, Shands Teaching Hospital
71 and Clinics, Inc., shall operate ~~operating~~ the hospital and
72 ancillary health care facilities as deemed ~~of the health center~~
73 ~~and other health care facilities and programs determined to be~~
74 necessary by the board of Shands Teaching Hospital and Clinics,
75 Inc. ~~the nonprofit corporation~~. The rental for the hospital
76 facilities shall be an amount equal to the debt service on bonds
77 or revenue certificates issued solely for capital improvements
78 to the hospital facilities or as otherwise provided by law.

79 (b) The University of Florida Board of Trustees shall
80 provide in the lease or by separate contract or agreement with
81 Shands Teaching Hospital and Clinics, Inc., ~~the not-for-profit~~
82 ~~corporation~~ for the following:

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1. Approval of the articles of incorporation of Shands Teaching Hospital and Clinics, Inc., ~~the not-for-profit corporation~~ by the University of Florida Board of Trustees.

~~2. and the~~ Governance of Shands Teaching Hospital and Clinics, Inc., ~~the not-for-profit corporation~~ by a board of directors appointed, subject to removal, and chaired by the President of the University of Florida, or his or her designee, and vice chaired by the Vice President for Health Affairs of the University of Florida or his or her designee.

~~3.2. The~~ Use of hospital facilities and personnel in support of community service and patient care, ~~the~~ research programs, and ~~of the teaching roles~~ role of the health center.

~~4.3. The~~ Continued recognition of the collective bargaining units and collective bargaining agreements as currently composed and recognition of the certified labor organizations representing those units and agreements.

~~5.4. The~~ Use of hospital facilities and personnel in connection with research programs conducted by the health center.

~~6.5. Reimbursement to~~ Shands Teaching Hospital and Clinics, Inc., ~~the hospital~~ for indigent patients, state-mandated programs, underfunded state programs, and costs to Shands Teaching Hospital and Clinics, Inc., ~~the hospital~~ for support of the teaching and research programs of the health center. Such reimbursement shall be appropriated to either the health center or Shands Teaching Hospital and Clinics, Inc., ~~the hospital~~ each year by the Legislature after review and approval of the request for funds.

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111 7. Audit of the financial statements of Shands Teaching
112 Hospital and Clinics, Inc., in accordance with generally
113 accepted accounting principles as prescribed by the Governmental
114 Accounting Standards Board for a separate corporation affiliated
115 with a government entity that holds a voting majority interest
116 of the affiliated corporation's governing board. The financial
117 statements shall be provided to the University of Florida Board
118 of Trustees for attachment to its audited financial statement
119 which is provided to the Auditor General. The University of
120 Florida may obtain additional financial information from Shands
121 Teaching Hospital and Clinics, Inc., upon request by the Auditor
122 General. This subparagraph applies equally to any not-for-profit
123 subsidiary of Shands Teaching Hospitals and Clinics, Inc., which
124 directly delivers health care services and also qualifies as an
125 instrumentality of the state under the governance control and
126 the primary purpose standards specified in this section.

127 (c) The University of Florida Board of Trustees may, with
128 the approval of the Legislature, increase the hospital
129 facilities or remodel or renovate them ~~if, provided that the~~
130 rental paid by Shands Teaching Hospital and Clinics, Inc., the
131 ~~hospital~~ for such new, remodeled, or renovated facilities is
132 sufficient to amortize the costs thereof over a reasonable
133 period of time or fund the debt service for any bonds or revenue
134 certificates issued to finance such improvements.

135 (d) The University of Florida Board of Trustees ~~may is~~
136 ~~authorized to~~ provide to Shands Teaching Hospital and Clinics,
137 Inc., the not-for-profit corporation leasing the hospital
138 ~~facilities~~ and its not-for-profit subsidiaries and affiliates,

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139 and any successor corporation that acts in support of the board
140 of trustees, comprehensive general liability insurance,
141 including professional liability, from a self-insurance trust
142 program established pursuant to s. 1004.24.

143 (e) Shands Teaching Hospital and Clinics, Inc., in support
144 of the health affairs mission of the University of Florida Board
145 of Trustees and with the board's prior approval, may create or
146 have created either for-profit or not-for-profit subsidiaries
147 and affiliates, or both. The University of Florida Board of
148 Trustees, which may act through the president of the university
149 or his or her designee, may control Shands Teaching Hospital and
150 Clinics, Inc. For purposes of sovereign immunity pursuant to s.
151 768.28(2), Shands Teaching Hospital and Clinics, Inc., and any
152 not-for-profit subsidiary which directly delivers health care
153 services and whose governing board is chaired by the president
154 of the university or his or her designee and is controlled by
155 the University of Florida Board of Trustees, which may act
156 through the president of the university or his or her designee
157 and whose primary purpose is the support of the University of
158 Florida Board of Trustees' health affairs mission, shall be
159 conclusively deemed a corporation primarily acting as an
160 instrumentality of the state.

161 (f)-(e) In the event that the lease of Shands Teaching
162 Hospital and Clinics ~~the hospital facilities~~ to Shands Teaching
163 Hospital and Clinics, Inc., ~~the not-for-profit corporation~~ is
164 terminated for any reason, the University of Florida Board of
165 Trustees shall resume management and operation of Shands
166 Teaching Hospital and Clinics ~~the hospital facilities~~. In such

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167 event, the University of Florida Board of Trustees may use ~~is~~
168 ~~authorized to utilize~~ revenues generated from the operation of
169 Shands Teaching Hospital and Clinics ~~the hospital facilities~~ to
170 pay the costs and expenses of operating the hospital facility
171 for the remainder of the fiscal year in which such termination
172 occurs.

173 (5) (a) Shands Jacksonville Medical Center, Inc., and its
174 parent, Shands Jacksonville HealthCare, Inc., are private not-
175 for-profit corporations organized primarily to support the
176 health affairs mission of the University of Florida Board of
177 Trustees in community service and patient care, education and
178 training of health affairs professionals, and clinical research.
179 Shands Jacksonville Medical Center, Inc., is a teaching hospital
180 affiliated with the University of Florida Board of Trustees and
181 is located, in part, on the Jacksonville Campus of the
182 University of Florida. Shands Jacksonville Medical Center, Inc.,
183 and Shands Jacksonville HealthCare, Inc., in support of the
184 health affairs mission of the University of Florida Board of
185 Trustees and with its prior approval, may create or have created
186 either for-profit or not-for-profit subsidiaries or affiliates,
187 or both.

188 (b) The University of Florida Board of Trustees shall
189 provide in the lease or by separate contract or agreement with
190 Shands Jacksonville Medical Center, Inc., and Shands
191 Jacksonville HealthCare, Inc., for the following:

192 1. Approval of the articles of incorporation of Shands
193 Jacksonville Medical Center, Inc., and of Shands Jacksonville
194 HealthCare, Inc., by the University of Florida Board of

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195 Trustees, which may act through the president of the university
196 or his or her designee. In approving the articles of
197 incorporation of Shands Jacksonville Medical Center, Inc., and
198 of Shands Jacksonville HealthCare, Inc., the president of the
199 university, or his or her designee, may act as the chair of the
200 board of directors, or the president of the university or his or
201 her designee or members of the University of Florida Board of
202 Trustees may act as the approving body of Shands Jacksonville
203 Medical Center, Inc., or Shands Jacksonville HealthCare, Inc.

204 2. Governance of Shands Jacksonville Medical Center, Inc.,
205 and of Shands Jacksonville HealthCare, Inc., by boards of
206 directors appointed, subject to removal, and chaired by the
207 President of the University of Florida, or his or her designee.
208 One director of each board may be so appointed after being
209 nominated by the mayor of the City of Jacksonville subject to
210 the applicable standards for directors of such board. If there
211 is a vice chair of the board of directors of Shands Jacksonville
212 Medical Center, Inc., or Shands Jacksonville HealthCare, Inc.,
213 the Vice President for Health Affairs of the University of
214 Florida, or his or her designee or the designee of the president
215 of the university, shall hold that position.

216 3. Use of the Shands Jacksonville Medical Center, Inc.,
217 hospital facilities and personnel in support of community
218 service and patient care, research programs, and the teaching
219 roles of the health center of the University of Florida Board of
220 Trustees.

221 4. Reimbursement to Shands Jacksonville Medical Center,
222 Inc., for indigent patients, state-mandated programs,

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223 underfunded state programs, and costs to the not-for-profit
224 corporation for support of the teaching and research programs of
225 the health center. Such reimbursement shall be appropriated to
226 either the health center or the not-for-profit corporation each
227 year by the Legislature after review and approval of the request
228 for funds.

229 5. Audit of the financial statements of Shands
230 Jacksonville Medical Center, Inc., and Shands Jacksonville
231 HealthCare, Inc., in accordance with generally accepted
232 accounting principles as prescribed by the Governmental
233 Accounting Standards Board for a separate corporation affiliated
234 with a government entity that holds a voting majority interest
235 of the affiliated corporation's governing board. The financial
236 statements shall be provided to the University of Florida Board
237 of Trustees for attachment to its audited financial statement
238 which is provided to the Auditor General. The University of
239 Florida may obtain additional financial information from Shands
240 Jacksonville Medical Center, Inc., and Shands Jacksonville
241 HealthCare, Inc., upon request by the Auditor General. This
242 subparagraph applies equally to any not-for-profit subsidiary
243 which directly delivers health care services and also qualifies
244 as an instrumentality of the state under the governance control
245 and primary purpose standards specified in this section.

246 (c) The University of Florida Board of Trustees, which may
247 act through the president of the university or his or her
248 designee, may control Shands Jacksonville Medical Center, Inc.,
249 and Shands Jacksonville HealthCare, Inc.

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250 (d) For purposes of sovereign immunity pursuant to s.
251 768.28(2), Shands Jacksonville Medical Center, Inc., Shands
252 Jacksonville HealthCare, Inc., and any not-for-profit subsidiary
253 which directly delivers health care services and whose governing
254 board is chaired by the President of the University of Florida
255 or his or her designee and is controlled by the University of
256 Florida Board of Trustees, which may act through the president
257 of the university or his or designee and whose primary purpose
258 is the support of the University of Florida Board of Trustees'
259 health affairs mission, shall be conclusively deemed
260 corporations primarily acting as instrumentalities of the state.

261 (e) ~~(f)~~ The University of Florida Board of Trustees may ~~is~~
262 ~~authorized to~~ provide to Shands Jacksonville HealthCare, Inc.,
263 and Shands Jacksonville Medical Center, Inc., and any of their
264 ~~its~~ not-for-profit subsidiaries and affiliates and any successor
265 corporation that acts in support of the board of trustees,
266 comprehensive general liability coverage, including professional
267 liability, from the self-insurance programs established pursuant
268 to s. 1004.24.

269 Section 2. This act shall take effect July 1, 2011, and
270 shall apply to causes of action accruing on or after July 1,
271 2011.