

# MAINE STATE LEGISLATURE

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Date: 6/10/19

**STATE AND LOCAL GOVERNMENT**

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**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
129TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1220, L.D. 1708, Bill, "An Act To Provide for the Merger of Hospital Administrative District No. 4 into MRH Corp., a Maine Nonprofit, Nonstock Private Corporation"

Amend the bill by striking out everything after the title and inserting the following:

**Emergency preamble. Whereas,** acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas,** the Legislature created Hospital Administrative District No. 4 by Private and Special Law 1973, chapter 76, in order to provide for the health, welfare and public benefit of the inhabitants of the district; and

**Whereas,** the district has determined that it is unable to continue to fulfill its purpose of providing for the health, welfare and public benefit of the inhabitants of the district unless it is affiliated with a strong, integrated health care system; and

**Whereas,** the district has decided that it would be in the best interest of the district to affiliate with Eastern Maine Healthcare Systems, doing business as Northern Light Health, because of its experience of successfully operating other critical access hospitals and the opportunity to create a network with other Eastern Maine Healthcare Systems' hospitals located in the Piscataquis region to continue and improve the delivery of high-quality health care to the inhabitants of the district and the entire Piscataquis region; and

**Whereas,** as authorized by the affirmative votes of their respective governing boards, the district and Eastern Maine Healthcare Systems have entered into an agreement and plan of merger dated March 19, 2019 setting forth the terms and conditions by which the district will merge into MRH Corp., a Maine nonprofit, nonstock private corporation having Eastern Maine Healthcare Systems as its sole member, as soon as reasonably practicable; and

**Whereas,** in advisory votes held during April 2019 at town meetings in 12 towns and at a town council meeting in one town comprising the district, 12 of the 13 towns,

**COMMITTEE AMENDMENT**

1 representing 97.4% of the population of the district, indicated their approval of the  
2 merger of the district; and

3 **Whereas**, it is in the public interest for the district to be able to merge into MRH  
4 Corp. as soon as practicable, as long as all conditions and the parties' respective  
5 obligations under the agreement and law are satisfied, to ensure the continuation of the  
6 provision for the health, welfare and public benefit of the inhabitants of the district; and

7 **Whereas**, in the judgment of the Legislature, this merger is in the public interest;  
8 and

9 **Whereas**, in the judgment of the Legislature, these facts create an emergency within  
10 the meaning of the Constitution of Maine and require the following legislation as  
11 immediately necessary for the preservation of the public peace, health and safety; now,  
12 therefore,

13 **Be it enacted by the People of the State of Maine as follows:**

14 **Sec. 1. Merger of Hospital Administrative District No. 4 and Eastern**  
15 **Maine Healthcare Systems authorized.** Notwithstanding any provision of Private  
16 and Special Law 1973, chapter 76, as amended, Hospital Administrative District No. 4, as  
17 created by Private and Special Law 1973, chapter 76, referred to in this Act as "the  
18 district," is authorized to merge into MRH Corp., a nonprofit, nonstock private  
19 corporation having Eastern Maine Healthcare Systems as its sole member.

20 The merger is subject to the following.

21 1. Notwithstanding any provision of Private and Special Law 1973, chapter 76, as  
22 amended, and the Maine Revised Statutes, Title 13-B, section 901, subsection 1, except  
23 for the vote of the directors that occurred on March 19, 2019 and the advisory vote of the  
24 town inhabitants in April 2019, no vote of the district, any towns in the district or the  
25 inhabitants of either the district or towns in the district is required to authorize the  
26 merger;

27 2. The merger may occur only if, upon the effective date of the merger, all  
28 indebtedness of the district is paid or adequate provision for the payment of that  
29 indebtedness is made by the assumption of indebtedness of the district by MRH Corp., by  
30 defeasance of any outstanding bonds of the district or otherwise;

31 3. The merger may occur only if, upon the effective date of the merger, the  
32 responsibilities for all obligations and liabilities of the district, including liability  
33 stemming from the merger and related actions of the district, are transferred, merged and  
34 vested in MRH Corp.;

35 4. The legal effect of the merger must be the same as if the district were a Maine  
36 nonprofit corporation organized pursuant to and governed by the Maine Nonprofit  
37 Corporation Act;

38 5. The merger may occur only if the certificate of need process as outlined in the  
39 Maine Revised Statutes, Title 22, chapter 103-A is successfully completed; and

40 6. MRH Corp. takes all endowment funds held by the district subject to any  
41 restrictions on use applicable to those funds.

1           **Sec. 2. Effective date and effect of merger.** The merger takes effect after all of  
2 the conditions set forth in section 1 have been satisfied and all of the conditions set forth  
3 in the agreement and plan of merger dated March 19, 2019 have been satisfied or waived  
4 per the terms of the agreement and plan of merger and the articles of merger are filed  
5 with and accepted by the Secretary of State.

6           The following provisions apply on the effective date of the merger:

7           1. MRH Corp. is the single surviving corporation, Eastern Maine Healthcare Systems  
8 is MRH Corp.'s sole member and the district ceases to exist and operate;

9           2. MRH Corp. shall continue to serve the health care needs of the communities  
10 served by the district by offering a complement of clinical core services as described in  
11 the Section 6.7 and Schedule 6.7(a) of the merger agreement and plan of merger  
12 beginning on the effective date of the merger;

13           3. MRH Corp. has all the rights, privileges, immunities and powers and is subject to  
14 all of the duties and liabilities of a corporation organized under the Maine Revised  
15 Statutes, Title 13-B;

16           4. All property, whether real, personal or mixed, and all debts due on whatever  
17 account, and all other choses in action, and all other interest, of or belonging to or due to  
18 the district, are deemed to be transferred to and vested in MRH Corp. without further act  
19 or deed. The title to any real estate, or any interest therein, vested in the district may not  
20 revert or be in any way impaired by reason of the merger;

21           5. Governmental quasi-municipal rights, privileges and immunities of the district do  
22 not transfer, merge or otherwise vest in MRH Corp.; and

23           6. Mayo Regional Hospital is no longer a municipally funded hospital as specified in  
24 Title 36, section 2891, subsection 1-A.

25           **Sec. 3. Repeal of Hospital Administrative District No. 4 charter.** After the  
26 articles of merger are filed with and accepted by the Secretary of State, the Secretary of  
27 State shall notify the Joint Standing Committee on State and Local Government of the  
28 merger. The joint standing committee shall introduce legislation to repeal Private and  
29 Special Law 1973, chapter 76 and amend the Maine Revised Statutes, Title 36, section  
30 2891, subsection 1-A to remove reference to Mayo Regional Hospital.

31           **Sec. 4. Appropriations and allocations.** The following appropriations and  
32 allocations are made.

33           **HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

34           **Medical Care - Payments to Providers 0147**

35           Initiative: Adjusts funding in the Medical Care - Payments to Providers program between  
36 the General Fund and the Other Special Revenue Funds related to an increase in hospital  
37 tax funding being received from the newly established MRH Corp.

COMMITTEE AMENDMENT "A" to H.P. 1220, L.D. 1708

1	<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
2	All Other	(\$1,063,239)	(\$1,063,239)
3			
4	<b>GENERAL FUND TOTAL</b>	<u>(\$1,063,239)</u>	<u>(\$1,063,239)</u>

5	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2019-20</b>	<b>2020-21</b>
6	All Other	\$1,063,239	\$1,063,239
7			
8	<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$1,063,239</u>	<u>\$1,063,239</u>

9 **Medical Care - Payments to Providers 0147**

10 Initiative: Provides funding for the reimbursement of the cost of the tax.

11	<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
12	All Other	\$116,314	\$117,122
13			
14	<b>GENERAL FUND TOTAL</b>	<u>\$116,314</u>	<u>\$117,122</u>

15	<b>FEDERAL EXPENDITURES FUND</b>	<b>2019-20</b>	<b>2020-21</b>
16	All Other	\$206,602	\$205,794
17			
18	<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<u>\$206,602</u>	<u>\$205,794</u>

19	<b>HEALTH AND HUMAN SERVICES,</b>		
20	<b>DEPARTMENT OF</b>		
21	<b>DEPARTMENT TOTALS</b>	<b>2019-20</b>	<b>2020-21</b>
22			
23	<b>GENERAL FUND</b>	<b>(\$946,925)</b>	<b>(\$946,117)</b>
24	<b>FEDERAL EXPENDITURES FUND</b>	<b>\$206,602</b>	<b>\$205,794</b>
25	<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$1,063,239</b>	<b>\$1,063,239</b>
26			
27	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$322,916</b></u>	<u><b>\$322,916</b></u>

28 **Emergency clause.** In view of the emergency cited in the preamble, this  
 29 legislation takes effect when approved.'

30 Amend the bill by relettering or renumbering any nonconsecutive Part letter or  
 31 section number to read consecutively.

**SUMMARY**

1  
2 This amendment clarifies that Hospital Administrative District No. 4 is the party to  
3 the merger and that the district's quasi-municipal rights, privileges and immunities do not  
4 transfer to the new nonprofit corporation created by the merger. It clarifies that upon the  
5 merger, Mayo Regional Hospital is no longer a municipally funded hospital under the  
6 Maine Revised Statutes, Title 36, section 2891. It adds reference to the advisory vote of  
7 the district inhabitants required by Private and Special Law 2019, chapter 5. It conditions  
8 the merger on the assumption by the new corporation of all the obligations and liabilities  
9 of the district. It removes the exemption from antitrust laws and stipulates that the  
10 merger is subject to the certificate of need process outlined in Title 22, chapter 103-A. It  
11 requires the Secretary of State to notify the Joint Standing Committee on State and Local  
12 Government when the articles of merger have been filed with and accepted by the  
13 Secretary of State. It requires the joint standing committee, once notified that the articles  
14 of merger have been accepted, to introduce legislation to repeal the district charter and  
15 remove reference to Mayo Regional Hospital from Maine's tax code.

16 The amendment also adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**

(See attached)



# 129th MAINE LEGISLATURE

LD 1708

LR 2490(02)

An Act To Provide for the Merger of Hospital Administrative District No. 4 into MRH Corp., a Maine Nonprofit, Nonstock Private Corporation

Fiscal Note for Bill as Amended by Committee Amendment *A(H-537)*

Committee: State and Local Government

Fiscal Note Required: Yes

## Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
<b>Net Cost (Savings)</b>				
General Fund	(\$946,925)	(\$946,117)	(\$946,053)	(\$946,053)
<b>Appropriations/Allocations</b>				
General Fund	(\$946,925)	(\$946,117)	(\$946,053)	(\$946,053)
Federal Expenditures Fund	\$206,602	\$205,794	\$205,730	\$205,730
Other Special Revenue Funds	\$1,063,239	\$1,063,239	\$1,063,239	\$1,063,239
<b>Revenue</b>				
Federal Expenditures Fund	\$206,602	\$205,794	\$205,730	\$205,730
Other Special Revenue Funds	\$1,063,239	\$1,063,239	\$1,063,239	\$1,063,239

### Fiscal Detail and Notes

The bill includes General Fund appropriations to the Department of Health and Human Services of \$946,925 in fiscal year 2019-20 and \$946,117 in fiscal year 2020-21 to adjust the funding in the Medical Care - Payments to Providers program related to an increase in hospital tax funding being received from the newly established MRH Corp. Other Special Revenue Funds allocations are included for the increased hospital tax as well as Federal Expenditures Fund allocations for the FMAP match.