

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1287

S.P. 411

In Senate, April 15, 1993

**An Act to Provide for the Combination of Cary Medical Center and The
Aroostook Medical Center in Central Aroostook County.**

(EMERGENCY)

Reference to the Committee on Human Resources suggested and ordered printed.

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator KIEFFER of Aroostook.
Cosponsored by Representative DONNELLY of Presque Isle and
Senators: CAHILL of Sagadahoc, CIANCHETTE of Somerset, LUDWIG of Aroostook,
PARADIS of Aroostook, Representatives: ANDERSON of Woodland, BRUNO of Raymond,
HILLOCK of Gorham, KNEELAND of Easton, MacBRIDE of Presque Isle, MARTIN of Eagle
Lake, PENDLETON of Scarborough, ROBICHAUD of Caribou, TOWNSEND of Portland,
YOUNG of Limestone.

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

4
6 Whereas, declining hospital patient volumes, difficulties in
recruiting and retaining skilled physicians and other health care
professionals and the increased costs of providing health care
8 have placed and will continue to place the availability and
accessibility of quality health care at significant risk,
10 particularly in the rural areas of the State; and

12 Whereas, immediate efforts aimed at ensuring that quality
health care continues to be available and accessible to the
14 people of the State should be encouraged; and

16 Whereas, approximately 80% of the citizens of Caribou voting
at the November 1992 general election voted in favor of a
18 proposal that would authorize the Caribou City Council, acting in
the best interests of the city, to pursue the creation of a new
20 nonprofit health care organization by affiliating municipally
owned and operated Cary Medical Center with The Aroostook Medical
22 Center; and

24 Whereas, the proposed affiliation of Cary Medical Center and
The Aroostook Medical Center presents a unique and significant
26 opportunity to ensure the continued availability and
accessibility of quality health care to the people of Aroostook
28 County by enhancing, among many other things, the financial
viability of the affiliated hospitals, strengthening their
30 ability to recruit skilled physicians and other health care
professionals, avoiding costly duplication of equipment and
32 services and facilitating coordinated health care planning for
the area; and

34
36 Whereas, time is of the essence since, following enactment
of this legislation, substantial time-consuming planning and
38 approvals will be required before an affiliation is implemented;
and

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

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

48 **Sec. 1.** P&SL 1953, c. 12, §4, as amended by P&SL 1975, c. 120,
§1, is further amended by adding at the end a new paragraph to
50 read:

2 Notwithstanding any other provision of this charter, the
4 purposes of the district include the transfer of the assets and
6 liabilities of the district to a nonprofit, nonstock private
8 corporation formed pursuant to the Maine Revised Statutes, Title
 13-B for the purpose of unifying the operations of Cary Medical
 Center and The Aroostook Medical Center in one or more affiliated
 nonprofit, nonstock private corporations as provided in section 8.

10 **Sec. 2. P&SL 1953, c. 12, §8,** as repealed and replaced by PL
12 1973, c. 788, §A, §1, is amended by adding at the end a new
 paragraph to read:

14 Notwithstanding the foregoing, the district may transfer its
16 assets and liabilities to a new nonprofit, nonstock private
18 corporation formed pursuant to the Maine Revised Statutes, Title
20 13-B for the purpose of unifying the operations of Cary Medical
22 Center and The Aroostook Medical Center in one or more affiliated
24 nonprofit, nonstock private corporations formed pursuant to Title
26 13-B. The transfer may occur only if all indebtedness of the
 district is paid, or adequate provision for the payment of that
 indebtedness is made, including without limitation the assumption
 of liabilities and indebtedness of the transferee corporation,
 and only if the trustees of the district approve of the transfer
 and the Caribou City Council votes to terminate any lease between
 the City of Caribou and the district.

28 **Sec. 3. Combination of institutions under common ownership or**
30 **control; transfers authorized.** The Caribou Hospital District and the
32 City of Caribou are each authorized to transfer the assets and
34 liabilities associated with Cary Medical Center, formerly
36 operated by the city, to a nonprofit, nonstock private
38 corporation, referred to in this Act as the "transferee
40 corporation." The transferee corporation must be formed pursuant
 to the Maine Revised Statutes, Title 13-B for the purpose of
 acquiring the operations of Cary Medical Center in connection
 with a combination, under common ownership or control, of the
 operations of The Aroostook Medical Center, either in the
 transferee corporation or in one or more affiliated nonprofit,
 nonstock private corporations formed pursuant to Title 13-B.

42 The transfer of assets and liabilities of the Caribou
44 Hospital District may occur only if approved by the board of
46 trustees of the Caribou Hospital District and only if the Caribou
48 City Council votes to terminate any lease that may exist between
50 the city and the district. The transfer of assets and
 liabilities from the City of Caribou may occur only if approved
 by the city council. The transfer of assets and liabilities of
 The Aroostook Medical Center to the transferee corporation, the
 merger of The Aroostook Medical Center with the transferee

2 corporation or the combination of The Aroostook Medical Center
and the transferee corporation under common ownership or control
4 may occur only if approved by the board of directors and members
of The Aroostook Medical Center. A transfer or acquisition of
6 assets or other consolidation, merger, affiliation or combination
of facilities, services, staff or operations undertaken pursuant
to this section does not violate the Maine Revised Statutes,
8 Title 10, chapter 201.

10 If, on or before December 31, 1998, the board of directors
of the transferee corporation votes to dissolve or cease to
12 operate the hospital facilities in the City of Caribou that were
transferred to the transferee corporation by the Caribou Hospital
14 District and the City of Caribou, then the Caribou City Council
has the option, exercisable within 6 months, to have those
16 hospital facilities reconveyed to the city, subject to the
liabilities associated with the facilities, including the
18 assumption or repayment of not more than \$3,338,000 in principal
amount of long-term debt associated with the facilities, whether
20 or not that debt has been refinanced from time to time, to the
extent that the debt has not actually been repaid by the
22 transferee corporation.

24 **Sec. 4. Legislative intent.** In light of the rural nature of
Aroostook County, the state of its economy, the difficulty of
26 attracting and retaining physicians and other specialized health
care professionals to the area, the close proximity of Cary
28 Medical Center and The Aroostook Medical Center, the high cost of
advanced medical technology, equipment and facilities, the risks
30 to the availability and accessibility of quality health care in
Aroostook County and the numerous opportunities that exist for
32 operational improvements, efficiencies, cooperation and increased
utilization of resources and equipment between the 2
34 institutions, the Legislature finds that the public benefits to
be derived from the combination of Cary Medical Center and The
36 Aroostook Medical Center authorized in this Act substantially
outweigh any disadvantages that might result from any decrease in
38 or elimination of competition, to the extent it may exist,
between the 2 institutions and intends that this Act be construed
40 to provide the full benefit of state action immunity under
federal antitrust laws for the combination of Cary Medical Center
42 and The Aroostook Medical Center under common control or
ownership and any actions taken to effect that combination.

44 **Emergency clause.** In view of the emergency cited in the
46 preamble, this Act takes effect when approved.

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STATEMENT OF FACT

This bill allows the combination of Cary Medical Center and The Aroostook Medical Center in central Aroostook County and expresses the intent of the Legislature that state action immunity under the federal antitrust laws be provided to the combination.