

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1708

H.P. 1220

House of Representatives, May 9, 2019

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

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HIGGINS of Dover-Foxcroft.
Cosponsored by Senator DAVIS of Piscataquis and
Representatives: FOSTER of Dexter, STEARNS of Guilford.

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

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

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

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

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

21 **Whereas,** in advisory votes held during April 2019 at town meetings in the 13 towns
22 comprising the district, 12 of the 13 towns, representing 97.4% of the population of the
23 district, indicated their approval of the merger of the district; and

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

28 **Whereas,** in the judgment of the Legislature, this merger is in the public interest;
29 and

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

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

35 **Sec. 1. P&SL 1973, c. 76,** as amended, is repealed.

36 **Sec. 2. Merger of Mayo Regional Hospital and Eastern Maine Healthcare**
37 **Systems authorized.** Notwithstanding any provision of Private and Special Law 1973,

1 chapter 76, Hospital Administrative District No. 4, as created by Private and Special Law
2 1973, chapter 76, referred to in this Act as "the district," which owns and operates Mayo
3 Regional Hospital located in Dover-Foxcroft, is authorized to merge into MRH Corp., a
4 nonprofit, nonstock private corporation having Eastern Maine Healthcare Systems as its
5 sole member. To the extent that any competition is supplanted by the merger, the merger
6 is not subject to state antitrust laws.

7 The merger is subject to the following.

8 1. Notwithstanding any provision of Private and Special Law 1973, chapter 76,
9 except for the vote of the directors that occurred on March 19, 2019, no vote of the
10 district, any towns in the district or the inhabitants of either the district or towns in the
11 district is required to authorize the merger.

12 2. The merger may occur only if, by operation of the merger, all indebtedness of the
13 district is paid or adequate provision for the payment of that indebtedness is made by the
14 assumption of liability indebtedness of the district by MRH Corp., by defeasance of any
15 outstanding bond of the district or otherwise.

16 3. The merger and the legal effect of the merger are subject to and governed by the
17 Maine Revised Statutes, Title 13-B, chapter 9, with the same legal effect as if the district
18 were a Maine nonprofit corporation organized pursuant to and governed by the Maine
19 Nonprofit Corporation Act.

20 **Sec. 3. Effective date and effect of merger.** The merger takes effect after all
21 conditions set forth in the agreement and plan of merger dated March 19, 2019 have been
22 satisfied and the articles of merger are filed with the Secretary of State, unless a different
23 date, which may not be more than 60 days after the filing, is specified in the articles of
24 merger.

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

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

28 2. MRH Corp. shall continue to serve the health care needs of the communities
29 served by the district in accordance with the initial purposes of the district beginning on
30 the effective date of the merger;

31 3. MRH Corp. has all the rights, privileges, immunities and powers and is subject to
32 all of the duties and liabilities of a corporation organized under the Maine Revised
33 Statutes, Title 13-B with the exception of those laws and rules that apply to governmental
34 and quasi-governmental entities but that do not apply to private tax-exempt Maine
35 nonprofit corporations; and

36 4. MRH Corp. possesses all the rights, privileges, immunities and franchises, both
37 public and private, of the district. All property, whether real, personal or mixed, and all
38 debts due on whatever account, and all other choses in action, and all other interest, of or
39 belonging to or due to the district, are deemed to be transferred to and vested in MRH

1 Corp. without further act or deed. The title to any real estate, or any interest therein,
2 vested in the district may not revert or be in any way impaired by reason of the merger.

3 **Emergency clause.** In view of the emergency cited in the preamble, this
4 legislation takes effect when approved, except that section of this Act that repeals Private
5 and Special Law 1973, chapter 76 takes effect on the date the articles of merger are filed
6 with the Secretary of State or the date specified in the articles of merger, whichever is
7 later, as provided in section 3 of this Act.

8 **SUMMARY**

9 Private and Special Law 1973, chapter 76 created the charter for Hospital
10 Administrative District No. 4, which is served by Mayo Regional Hospital. While the
11 charter allows for the dissolution of the district, it does not provide for the merger.

12 The effect of this bill is to authorize Mayo Regional Hospital to merge into a new
13 entity known as MRH Corp., a Maine nonprofit, nonstock private corporation that has as
14 its sole member Eastern Maine Healthcare Systems and, upon the effective date of the
15 merger, dissolve the district. MRH Corp. is required to continue to serve the health care
16 needs of the communities served by the district.