

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend the Code of Virginia by adding in Title 55 a chapter numbered 30, consisting of*
3 *sections numbered 55-531, 55-532 and 55-533, relating to disposition of assets by nonprofit health*
4 *care entities.*

5 [H 2335]

6 Approved

7 **Be it enacted by the General Assembly of Virginia:**
8 **1. That the Code of Virginia is amended by adding in Title 55 a chapter numbered 30, consisting**
9 **of sections numbered 55-531, 55-532 and 55-533, as follows:**

10 CHAPTER 30.

11 DISPOSITION OF ASSETS BY NONPROFIT HEALTH CARE ENTITIES.

12 § 55-531. Definitions.

13 *As used in this chapter, the following words shall have the following meanings:*

14 *"Disposition of assets" means any action undertaken by a nonprofit entity to dispose of control of all*
15 *or substantially all of its assets pursuant to an agreement of sale, transfer, lease, exchange, option, joint*
16 *venture, or partnership, or to restructure the nonprofit entity or its assets resulting in a change in*
17 *control or governance of the entity or assets.*

18 *"Nonprofit entity" means an entity that is exempt from taxation under 26 U.S.C. § 501 (c) (3) and is*
19 *one of the following: a hospital licensed under Chapter 5 (§ 32.1-123 et seq.) of Title 32.1 or Chapter 8*
20 *(§ 37.1-179 et seq.) of Title 37.1, a health services plan licensed under Chapter 42 (§ 38.2-4200 et seq.)*
21 *of Title 38.2, or a health maintenance organization licensed under Chapter 43 (§ 38.2-4300 et seq.) of*
22 *Title 38.2.*

23 § 55-532. Obligations of nonprofit entity.

24 *Prior to disposition of assets, any nonprofit entity shall provide to the Attorney General written*
25 *notice, on a form provided by the Attorney General, of its intent to dispose of such assets, including the*
26 *terms of the proposal. The notice shall be given at least sixty days in advance of the effective date of*
27 *such proposed transaction in order that the Attorney General may exercise his common law and*
28 *statutory authority over the activities of these organizations. The Attorney General may employ expert*
29 *assistance in reviewing any proposed transaction and such reasonable expenses incurred by the Attorney*
30 *General shall be paid by a party to the proposed transaction.*

31 *Within ten days of receipt of the notice from the entity, the Attorney General shall cause a public*
32 *notice of the transaction to be published in a newspaper in which legal notices may be published in that*
33 *jurisdiction.*

34 *Notice to the Attorney General pursuant to this section shall be given for State Corporation*
35 *Commission approval sought pursuant to Article 11 (§ 13.1-898.1) of Chapter 10 of Title 13.1 and*
36 *§§ 38.2-203 and 38.2-1322 through 38.2-1328 and subdivision A 1 of § 38.2-4316. Such notice need not*
37 *be given where the State Corporation Commission determines, in its sole discretion, that there is a*
38 *reasonable expectation that the health services plan or health maintenance organization referenced*
39 *herein will not be able to meet its obligations to subscribers or enrollees.*

40 *The provisions of this section shall not apply to any disposition of assets subject to the provisions of*
41 *§ 38.2-4214.1, or § 38.2-4317 or any of the provisions of Chapter 15 (§ 38.2-1500 et seq.) of Title*
42 *38.2.*

43 § 55-533. Applicability of chapter.

44 *This chapter shall apply to any disposition of assets proposed to take effect on or after July 1, 1997.*

ENROLLED

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