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HOUSE BILL NO. 2335

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on January 30, 1997)

(Patron Prior to Substitute—Delegate Croshaw)

A BILL to amend the Code of Virginia by adding in Title 55 a chapter numbered 30, consisting of sections 55-531, 55-532 and 55-533, relating to disposition of assets by nonprofit health care entities.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 55 a chapter numbered 30, consisting of sections numbered 55-531, 55-532, and 55-533 as follows:

CHAPTER 30.

DISPOSITION OF ASSETS BY NONPROFIT HEALTH CARE ENTITIES.

§ 55-531. Definitions.

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

"Disposition of assets" means any action undertaken by a nonprofit entity to dispose of control of all or substantially all of its assets pursuant to an agreement of sale, transfer, lease, exchange, option, joint venture, partnership, or to restructure (including the transfer of control, responsibility or governance) the nonprofit entity or its assets, unless the transaction is in the usual and regular course of its activities.

"Nonprofit entity" means a hospital licensed under Chapter 5 (§ 32.1-123 et seq.) of Title 32.1 or Chapter 8 (§ 37.1-179 et seq.) of Title 37.1, a health services plan licensed under Chapter 42 (§ 38.2-4200 et seq.) of Title 38.2, or a health maintenance organization licensed under Chapter 43 (§ 38.2-4300 et seq.) of Title 38.2 exempt from taxation under 26 U.S.C. § 501(c)(3).

§ 55-532. Obligations of nonprofit entity.

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

§ 55-533. Applicability of chapter.

This chapter shall apply to all transactions proposed to take effect on or after July 1, 1997.