

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2882 Session of
2022

INTRODUCED BY CAUSER, OCTOBER 14, 2022

REFERRED TO COMMITTEE ON HEALTH, OCTOBER 14, 2022

AN ACT

1 Establishing the Distressed Hospital Grant Program to award
2 grants to distressed hospitals to prevent the reduction of
3 services or cessation of operations; and making an
4 appropriation.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Distressed
9 Hospital Grant Program Act.

10 Section 2. Definitions.

11 The following words and phrases when used in this act shall
12 have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Applicant." A distressed hospital that submits an
15 application under section 5(a) to the department for a grant
16 under the program.

17 "Department." The Department of Health of the Commonwealth.

18 "Designated medically underserved area." As defined in
19 section 1301 of the act of December 2, 1992 (P.L.741, No.113),

known as the Children's Health Care Act.

"Distressed hospital." A hospital that meets all of the following criteria:

(1) The hospital had a negative profit margin for at least the previous three consecutive calendar years or fiscal years.

(2) The hospital is located more than 25 miles of travel distance on a roadway to another hospital located within this Commonwealth.

"Hospital." Any of the following:

(1) A hospital licensed by the department under section 808 of the act of July 19, 1979 (P.L.130, No.48), known as the Health Care Facilities Act, that provides inpatient medical care and other related services for surgery, acute medical conditions or injuries.

(2) A hospital licensed by the department under section 808 of the Health Care Facilities Act that specializes in services exclusively to infants, children, adolescents and young adults from birth up to 21 years of age.

"Program." The Distressed Hospital Grant Program established under section 3.

"Rural county." A county of this Commonwealth where the number of people per square mile within the county is less than 291.

Section 3. Establishment of program.

The Distressed Hospital Grant Program is established within the department for the purposes specified under this act.

Section 4. Awards of grants.

The department shall award grants under the program in accordance with this act from money appropriated by the General

1 Assembly for the distribution of grants under the program.

2 Section 5. Applications for grants.

3 (a) Applications.--A distressed hospital may apply for a
4 grant under the program. The department shall develop the
5 application in a form determined by the department and make the
6 application available electronically on the department's
7 publicly accessible Internet website. To be eligible for a grant
8 under the program, a distressed hospital shall include any
9 information required by the department in the application,
10 including the certification under section 6.

11 (b) Consideration.--No later than 45 days after the
12 effective date of this section, the department shall receive and
13 consider applications on a rolling basis until funding for
14 grants under this act has been completely expended, or until
15 December 31, 2028, whichever occurs first.

16 Section 6. Certification requirements.

17 (a) Certification.--An applicant shall, in good faith,
18 certify all of the following to the department:

19 (1) The applicant is a distressed hospital and, if
20 applicable, meets one of the criteria specified under section
21 9 for a priority to receive a grant under the program.

22 (2) The distressed hospital will remain in operation and
23 does not intend to reduce services or cease operations within
24 two years of the date of receipt of a grant under the
25 program.

26 (3) The grant will be used to prevent the distressed
27 hospital from reducing services or ceasing operations.

28 (4) The grant will not be used to pay a remuneration to
29 the distressed hospital's executives, administrators or
30 administrative support staff.

1 (5) The distressed hospital has not been awarded more
2 than one grant under the program during a calendar year or
3 fiscal year.

4 (6) The distressed hospital has taken measures to
5 affiliate or enter into a business arrangement with another
6 person to prevent the distressed hospital from reducing
7 services or ceasing operations. The distressed hospital shall
8 provide supporting documentation to the department for the
9 measures required under this paragraph.

10 (7) The information provided in the application under
11 section 5 and this section and all supporting documentation
12 is true and accurate in all material aspects.

13 (b) False statements.--An applicant or an authorized
14 representative of the applicant that knowingly makes a false
15 statement to obtain a grant under the program shall be subject
16 to 18 Pa.C.S. § 4904 (relating to unsworn falsification to
17 authorities).

18 Section 7. Review of applications.

19 (a) Approval or disapproval.--No later than 60 days after
20 the department has received a completed application under
21 section 5(a), the department shall approve or deny the
22 application for a grant under the program. The department shall
23 provide a notice to the applicant of any of the following:

24 (1) The application for a grant under the program is
25 approved.

26 (2) The application for a grant under the program is
27 denied and the reasons for denying the application.

28 (3) The application for a grant under the program is
29 approved for an amount less than requested by the applicant
30 and the reasons for approving an amount less than requested

by the applicant.

(b) Grant agreements.--Upon approving an application for a grant under subsection (a), the department shall enter into a grant agreement with the distressed hospital to award the grant under the program. The grant agreement shall explain the terms and conditions of the grant, including the applicable laws of this Commonwealth and reporting requirements. The department, the distressed hospital and any other applicable party may enter the grant agreement via electronic signature.

Section 8. Distribution of grant funds.

No later than 60 days after approving an application for grant under section 7(a), the department shall distribute grant funds to the distressed hospital in accordance with this act.

The following shall apply:

(1) The distressed hospital may receive an amount equal to no more than 20% of the amount of funds available for the program.

(2) The department may award grants under the program to the distressed hospital in increments of \$1,000, subject to the limitation under paragraph (1).

(3) The department may not distribute grant funds under the program to the distressed hospital unless the department, the distressed hospital and any other applicable party have fully executed a grant agreement under section 7(b).

Section 9. Priority of grant awards.

In awarding grants under the program, the department shall prioritize all of the following:

(1) A distressed hospital that has provided notice to the department that the distressed hospital will reduce services or cease operations under 28 Pa. Code § 51.3

(relating to notification).

(2) A distressed hospital located in a designated medically underserved area.

(3) A distressed hospital located in a rural county.

Section 10. Reports.

(a) Publication.--No later than December 31 of each year, the department shall publish a report on the department's publicly accessible Internet website that contains the following information:

(1) A list of each grant awarded under the program.

(2) The name and address of each grant recipient.

(3) The amount of the grant and a description of the financial impact to the grant recipient.

(b) Submission.--The department shall submit the report under subsection (a) to the following:

(1) The chair and minority chair of the Appropriations Committee of the Senate.

(2) The chair and minority chair of the Appropriations Committee of the House of Representatives.

(3) The chair and minority chair of the Health and Human Services Committee of the Senate.

(4) The chair and minority chair of the Health Committee of the House of Representatives.

(c) Final report.--Upon disbursement of all funds appropriated for grants under the program, or December 31, 2028, whichever is earlier, the department shall publish a final report under subsection (a).

Section 11. Appropriation.

The sum of \$100,000,000 is hereby appropriated on a continuing basis from the General Fund to the department for the

1 award of grants under the program. Funds not expended in a
2 fiscal year shall not lapse and shall be available for use in
3 the next fiscal year until the disbursement of all funds
4 appropriated for the program, or December 31, 2028, whichever is
5 earlier.

6 Section 12. Effective date.

7 This act shall take effect immediately.