

**HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS**

**BILL #:** HB 427 Health Care District of Palm Beach County  
**SPONSOR(S):** Gannon  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1) <u>Local Affairs (Sub)</u>	_____	<u>Sheheane</u>	<u>Highsmith-Smith</u>
2) <u>Local Government &amp; Veterans' Affairs</u>	_____	_____	_____
3) <u>Finance &amp; Tax</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

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**SUMMARY ANALYSIS**

This bill codifies all prior special acts relating to the Health Care District of Palm Beach County into a single act. The bill retains that the District shall include all territory within Palm Beach County, however the bill deletes the legal boundary description of the County. The bill maintains that the governing board shall be comprised of seven members. The bill removes the provision relating to a deadline of August 30 for appointment of Board members.

The District is currently authorized to levy up to 2 mills ad valorem tax. This bill does not change that provision. The bill also makes other changes that do not appear to alter the effect of existing law pertaining to the District.

According to the Economic Impact Statement there are no fiscal impacts on the state budget or local government budgets.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |       |      |        |
|--------------------------------------|-------|------|--------|
| 1. Reduce government?                | Yes[] | No[] | N/A[X] |
| 2. Lower taxes?                      | Yes[] | No[] | N/A[X] |
| 3. Expand individual freedom?        | Yes[] | No[] | N/A[X] |
| 4. Increase personal responsibility? | Yes[] | No[] | N/A[X] |
| 5. Empower families?                 | Yes[] | No[] | N/A[X] |

For any principle that received a “no” above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

This bill codifies all prior special acts relating to the Health Care District of Palm Beach County into a single act and repeals all prior special acts relating to the District’s charter. This bill maintains the board’s authority to levy taxes up to 2 mills.

##### **Background**

The Health Care District of Palm Beach County, an independent special district, was created in 1987 by chapter 87-450, Laws of Florida and has been amended subsequently by 7 special acts. The district is empowered to deliver health care services to indigent and medically needy residents of Palm Beach County. The District further is authorized to maximize the health and wellbeing of Palm Beach County residents through planning, and coordinating health care service delivery. It is a countywide health care district.

##### **Codification**

Codification is the process of bringing a special act up-to-date. After a special district is created, special acts often amend or alter the special district’s charter provisions. To ascertain the current status of a special district’s charter, it is necessary to research all amendments or changes made to the charter since its inception or original passage by the Legislature. Codification of special district charters is important because it allows readers to more easily determine the current charter of a district.

Codification of special district charters was initially authorized by the 1997 Legislature and is codified in section 189.429, F.S. and s. 191.015, F.S. The 1998 Legislature subsequently amended both sections of statute. Current law provides for codification of all special district charters by December 1, 2004. The 1998 law allows for the adoption of the codification schedule provided for in an October 3, 1997, memorandum issued by the Chair of the Committee on Community Affairs. Any codified act relating to a special district must provide for the repeal of all prior special acts of the Legislature relating to the district. Additionally, the 2001 Legislature amended section 189.429, Florida Statutes to provide that reenactment of existing law pursuant to section 189.429: (1) shall not be construed to grant additional authority nor to supercede the authority of an entity; (2) shall continue the application of exceptions to law contained in special acts reenacted pursuant to the section; (3) shall not be construed to modify, amend, or alter any covenants, contracts, or other obligations of any district with respect to bonded indebtedness; and (4) shall not be construed to affect a district’s ability to levy and collect taxes, assessments, fees, or charges for the purpose of redeeming or servicing the district’s bonded indebtedness.

Since the enactment of sections 189.429 and 191.015, F.S., 122 special districts have codified their charters.

## Status Statement Language

Section 189.404(5), F.S., provides that after October 1, 1997, the charter of any newly created special district shall contain and, as practical, the charter of a preexisting special district shall be amended to contain, a reference to the status of the special district as dependent or independent. When necessary, the status statement shall be amended to conform to the Department of Community Affairs' determination or declaratory statement regarding the status of the district.

### C. SECTION DIRECTORY:

**Section 1:** States that this act constitutes the codification of all special acts relating to this district.

**Section 2:** States that all previous laws pertaining to this District are codified, reenacted, amended and repealed.

**Section 3:** Recreates and reenacts the district charter, providing the following:

Section 1: Names the District.

Section 2: Provides legislative intent for the District.

Section 3: Provides for the boundary of the District to include all of the property within Palm Beach County.

Section 4: District Board; Membership; Rules of Procedures.

- 1) Maintains the governing body (board) of the District and describes guidelines and organization. The board shall be composed of seven members. At least one member, but not more than two, shall reside in the Glades area that lies west of the line between Range 39 East and Range 40 East. The membership shall include three members appointed by the governor, three appointed by the Board of County Commissioners of Palm Beach County, and one member from the Palm Beach County Health Department, as provided below:
  - (a) The Governor shall appoint three members to serve on the District Board.
  - (b) The Board of County Commissioners of Palm Beach County shall appoint three members to the District Board, other than themselves, one of whom must be an elected official at the time of the appointment.
  - (c) The District Board member from the Palm Beach County Public Health Department shall be the director of the Palm Beach County Public Health Department.
- 2) Vacancies on the Board shall be filled as set forth in this act in the same manner as the initial appointment.
- 3) District Board members shall receive no compensation, but shall receive their actual expenses while acting for the District, including subsistence, lodging, travel, and other expenses in the amount actually incurred, as approved by the Board.
- 4) Each member of the board shall serve for a term of 4 years or until a successor is appointed.
- 5) Term of office for a Board member shall commence on October 1 of the year of appointment and terminate on September 30 of the year of the end of his or her term.
- 6) No member of the Board may serve more than two consecutive 4-year terms, with the exception of the director of the Palm Beach County Public Health Department.
- 7) The members of the Board shall elect among themselves a chair, vice chair, and secretary. The chair shall preside at all meetings of the Board, except that the vice chair may preside in his or her absence. The chair, vice chair, and secretary shall each have an official vote in all matters considered by the Board. The Board is authorized to adopt bylaws providing for the orderly governance and operation of the District's affairs.

- 8) The Board shall meet regularly as determined by the bylaws of the District Board.
- 9) Requires each Board member to give bond to the Governor for the faithful performance of his or her duties in the sum of \$5,000 with a surety company qualified to do business in the state. The bond shall be approved and kept by the Clerk of the Circuit Court of Palm Beach County. Premiums of the bond shall be paid by the District Board.
- 10) Provides four Board members constitute a quorum and a vote of at least three members is necessary to complete the transaction of any business. This section also requires the Board to keep true minutes and records of all business transacted and provides for public inspection of said records.

Section 5: Qualifications for District Board members. A District Board member, or the spouse of a Board member may not, at the time of appointment or one year prior to appointment, or during the term of office as a Board member:

- 1) Have any financial interest, other than ownership of shares in a mutual fund, pension plan, or profit-sharing plan, in any entity which receives funds from the district.
- 2) Be employed by, retained by, or engaged in any activity with any entity which receives funds from the District, except for the director of the Palm Beach County Public Health Department.
- 3) Serve on any board of directors or board of trustees of any entity which receives funds from the District.

Section 6: District Board Powers. Deems it to be the responsibility of the Board to provide adequate health care facilities particularly to medically needy citizens within the District. The Board may utilize the following powers:

- 1) To plan, fund, and set guidelines for health care facilities in the District, as well as at least one hospital in the Glades area.
- 2) To provide services and facilities jointly with other health care providers to reduce the costs of providing services.
- 3) To provide health care services to residents of the County through the utilization of health care facilities not owned and operated by the District.
- 4) To adopt an official seal and alter the same at pleasure.
- 5) To maintain an office at such place or places as it may designate.
- 6) To sue and be sued in its own name and to plead and be impleaded with all sovereign immunity and limitations provided by the State Constitution or general law.
- 7) To acquire by purchase, lease, gift or otherwise, any property the Board deems necessary to carry out this act, however the District shall not have the power of eminent domain. The District shall have the power to hold and dispose of all assets or property for the purposes of this act.
- 8) To plan and fund the construction, acquisition, ownership, leasing, repair, maintenance, extension, improvement, and rehabilitation of health care facilities and to pay all or part of the costs thereof from the proceeds of the District.
- 9) To make and execute agreements of lease, contracts, deeds, mortgages, notes, and other instruments necessary or convenient in the exercise of its powers and functions under this act.
- 10) To lease as lessor or lessee any facilities or property of any nature for use of the District to carry out this act.
- 11) To pledge or assign any revenues derived from sales of property, insurance, or condemnation awards.

- 12) To borrow money and issue bonds, to levy such tax that may be authorized, and to collect and enforce fees.
- 13) To raise money necessary for the District's services and to enforce their collection in regulation with law.
- 14) To employ administrators and other such employees as necessary.
- 15) To acquire existing health care facilities and to reimburse any facility in accordance with the agreement between the facility and the District.
- 16) To acquire existing health care facilities.
- 17) To mortgage any health care facility and the site thereof.
- 18) To cooperate with or contract with other governmental agencies or private individuals or entities for the purpose of this act.
- 19) To impose ad valorem tax on lands as provided by this act.
- 20) To annually approve a District budget.
- 21) To adopt policies and rules for the operation of the District.
- 22) To establish or become part of self-insurance trust funds in order to protect District assets and operations.
- 23) To provide for reimbursement to hospitals, physicians, or other health care providers or facilities.
- 24) Restricts the District from reimbursing any providers or facilities for bad debts arising from patients who are not eligible for reimbursement. The District shall reimburse for care of medically needy patients.
- 25) To establish criteria for the provision of health care.
- 26) To be exempt of any fees to community redevelopment agencies pursuant to Part III of chapter 163, Florida Statutes.
- 27) To provide an extra compensation program to reward employees whose performances exceed standards pursuant to section 215.425, Florida Statutes.
- 28) To plan, set policies for, and fund of cooperative agreements with governmental authorities and public and private entities within and outside of Palm Beach County which promote local and regional trauma agencies, rural health networks, and cooperative health care systems.
- 29) To establish and appoint members to such boards, committees, or advisory bodies as the Board sees appropriate.
- 30) To plan and supervise school health programs.
- 31) To do all necessary to carry out this act.

Section 7: Indemnification of Board members.

- 1) The District shall provide indemnification (to protect against damage, loss, or injury) for its District agents.
- 2) No indemnification shall be made in respect of any claim unless and only to the extent that a court deems proper.
- 3) If the District determines that an agent is entitled to compensation under these indemnity provisions, he or she will be indemnified against the expenses. A qualified agent will also be indemnified against any lost wages or personal service earnings.

- 4) States that a quorum of Board members must decide that the indemnification of an agent is proper, unless decided by a court of law.
- 5) States that expenses incurred in defending a civil or criminal proceeding may be paid by the District in advance providing that the agent of the District met the standard of conduct set forth in this bill.
- 6) The provided indemnification shall continue to a person who has ceased to be an agent of the District and shall inure to the benefit of the heirs, executors, and administrators of such a person.
- 7) States the definition of an "agent of the District".
- 8) States that the District shall have the power to purchase and maintain insurance on behalf of agents of the District. This is not intended to be a waiver of sovereign immunity.

#### Section 8: Taxes

- 1) Ad Valorem Taxes: Permits the District to levy taxes on taxable property in the District for the purposes of the District. The tax levied shall not exceed 2 mills and the District shall not increase the annual millage more than one quarter of a mill from the previous year.
- 2) The tax levy by the District shall be in accordance with the State Constitution and General Law.
- 3) Maintains that the District must publish a financial statement of the District, at least once a year, in a newspaper of general circulation.
- 4) States that the enforcement of taxes levied by the District shall be in like manner as county taxes and will follow regulations set forth in the Florida Statutes.
- 5) Maintains that delinquent taxes will result in the same penalty as county taxes.
- 6) States that all bonds of the District are exempt of all taxes by the state, political subdivision, agency, or instrumentality to the extent allowed by general law.

#### Section 9: Short-term borrowing; bonds.

- 1) States that the board shall have the power to borrow money in anticipation of the sale of bonds and provides provisions on bonds relating to the District.
- 2) Short-term Borrowing: Maintains that the District may obtain loans for the purpose of paying expenses relating to the District. Permits the District to issue negotiable notes to be sold at such price not less than 95 per cent of par value. Approval of electors residing in the county shall not be necessary except when required by the State Constitution.
- 3) Authorization of Forms and Bonds: Describes the process of authorizing bonds within the District.
- 4) Issuance of Additional Bonds: States that the Board may authorize additional bonds subject to terms and conditions.
- 5) Refunding Bonds:
  - (a) Maintains that the District shall have the power to issue revenue bonds without limitation as to amount and describes the detail concerning said revenue bonds.
  - (b) Maintains that any two or more hospitals or health facilities may be consolidated.
- 7) General Obligation Bonds:
  - (a) Permits the District to issue general obligation bonds to finance or refinance projects to refund outstanding bonds.

(b) Authorizes the District to pledge its full faith for the payment of principal and interest on general obligation bonds and for any reserve funds and to levy ad valorem taxes on property within the District.

(c) States that if the District Board determines it necessary to issue general obligation bonds for more than one capital project, the approval may be submitted to the electors on one ballot. The failure of the electors to approve the issuance of the bonds shall not override the approval of the issuance of bonds for other projects.

8) Limitation on Issuance of Bonds:

(a) Requires a referendum to approve ad valorem funding on the issuance of bonds.

(b) Requires annual debt service to be less than 10 percent of all District revenue.

9) Additional Authority: Authorizes the District to issue taxable or tax exempt bonds, whether the bonds bear interest at a fixed rate or variable rate, and to determine the security for the bonds.

Section 10: Lien on behalf of the Health Care District of Palm Beach County when other Parties are liable:

- 1) Entitles the District to a lien for payments made by the District for health care services provided. States that any ill persons or representatives of the ill person will be referred to as "claimant".
- 2) If the claimant files suit against any tortfeasor and the District has made payment on the claimant's behalf, then the claimant must send the District a copy of the complaint as notification of such suit. This section describes the deadline for notification and also provides detail to the governance of the lien process.
- 3) States that the lien amount shall be the entire amount paid by the District pursuant to the Notice of Payments Made for Health Care Services.
- 4) No release or satisfaction of any judgment or settlement agreement shall be valid unless the District joins therein.
- 5) States that the District will cooperate with the claimant by producing the necessary information when claiming a lien under this section.
- 6) States that the lien created in this act shall not preempt the lien rights of any hospital in Palm Beach County created by ordinance, special act, or general law.

Section 11: Reorganized District Owned Hospitals: The District has the authority to reorganize any hospital it owns in accordance with State law.

Section 12: Glades Rural Area Support Board: States that the District Board has the authority to establish a Glades Rural Area Support Board for support of health care in the Glades area. This section also provides detail regarding the delegation of powers by the District to the Glades Support Board.

Section 13: Requires the District Board to submit a report, including its budget, to the Palm Beach County Commissioners and the Palm Beach County Legislative Delegation.

Section 14: Severability: provides for severability if any provisions are found unconstitutional.

Section 15: Conflict: In the case of conflict between this act and any other act, this act shall control to the extent of such conflict.

Section 16: Remedial Act: This act shall be liberally construed to promote the purpose for which it is intended.

**Section 4:** Chapters 87-450, 92-340, 93-382, 96-509, and 2000-489, Laws of Florida, are repealed.

**Section 5:** This act shall take effect upon becoming law.

## II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? January 4, 2003.

WHERE? Palm Beach Post, West Palm Beach, Florida.

B. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached  No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached  No

## III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENT/COMMITTEE SUBSTITUTE CHANGES

None.