

SENATE FILE NO. SF0117

Critical access and rural hospital endowment program.

Sponsored by: Senator(s) Peterson, Coe and Meier and
Representative(s) Davison, Dockstader,
Hammons, Harvey and Quarberg

A BILL

for

1 AN ACT relating to public health; creating the critical
2 access and rural hospital endowment challenge account;
3 providing for separate accounts for each critical access or
4 rural hospital as specified; defining terms; imposing
5 conditions and limitations; establishing a matching program
6 based upon gifts received by each critical access or rural
7 hospital's foundation; providing an appropriation;
8 specifying legislative intent; and providing for an
9 effective date.

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11 *Be It Enacted by the Legislature of the State of Wyoming:*

12

13 **Section 1.** W.S. 35-1-1001 through 35-1-1004 are
14 created to read:

15

16

ARTICLE 10

1 WYOMING CRITICAL ACCESS/RURAL HOSPITAL ENDOWMENT CHALLENGE
2 PROGRAM
3

4 **35-1-1001. Wyoming critical access or rural hospital**
5 **endowment challenge program.**
6

7 The Wyoming critical access/rural hospital endowment
8 challenge program is created.
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10 **35-1-1002. Definitions.**
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12 (a) As used in this article:
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14 (i) "Challenge account" means the critical
15 access or rural hospital endowment challenge account
16 created under this article;
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18 (ii) "Critical access or rural hospital" means:
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20 (A) A county hospital established pursuant
21 to W.S. 18-8-101, et seq., or a special district hospital
22 established pursuant to W.S. 35-2-401, et seq., that is
23 certified to receive cost-based reimbursement from Medicare
24 or has forty (40) beds or less; or

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(B) A hospital that is certified to receive cost-based reimbursement from Medicare or has forty (40) beds or less which is owned by a private not for profit entity and is operated in a county in this state in which there is no hospital meeting the requirements of subparagraph (A) of this paragraph.

(iii) "Endowment gift" means an irrevocable gift or transfer to a Wyoming critical access or rural hospital foundation of money or other property, whether real, personal, tangible or intangible, and whether or not the donor or transferor retains an interest in the property, where the gift or the foundation's interest in the property is required to be used by the foundation exclusively for endowment purposes, provided:

(A) The gift was received or the transfer occurred during the period July 1, 2007, through June 30, 2012; or

(B) A commitment to make the gift or transfer was made in writing to the respective critical access or rural hospital foundation, which commitment was

1 received during the period July 1, 2007, through June 30,
2 2012, and the gift was received or the transfer occurred
3 not later than June 30, 2013.

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5 (iv) "Foundation" means an organization
6 established for each critical access or rural hospital that
7 among other purposes, exists to generate additional
8 revenues for critical access or rural hospital programs and
9 activities;

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11 (v) "Permanent endowment funds managed by a
12 Wyoming critical access or rural hospital foundation" means
13 the endowment funds that are invested by the respective
14 Wyoming critical access or rural hospital foundation on a
15 permanent basis and the earnings on those investments are
16 dedicated to be expended exclusively to benefit and promote
17 the mission, operation or any program or activity of the
18 respective critical access or rural hospital, including but
19 not limited to capital and programmatic expenses,
20 healthcare, increases to the corpus of the endowment and to
21 defray reasonable costs of endowment administration.

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23 **35-1-1003. Wyoming critical access or rural hospital**
24 **endowment challenge account.**

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2 (a) The Wyoming critical access or rural hospital
3 endowment challenge account is created and shall consist of
4 separate accounts, one (1) account for each Wyoming
5 critical access or rural hospital.

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7 (b) The state treasurer shall invest funds within the
8 account created under subsection (a) of this section and
9 shall deposit the earnings from account investments to the
10 general fund.

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12 **35-1-1004. Endowment challenge account matching**
13 **program; matching payments; agreements with foundations;**
14 **annual reports.**

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16 (a) To the extent funds are available in the separate
17 account of any critical access or rural hospital within the
18 endowment challenge account, the state treasurer shall
19 match endowment gifts actually received by that critical
20 access or rural hospital's foundation. A match shall be
21 paid under this subsection by the state treasurer at the
22 time any accumulated amounts actually received by a
23 critical access or rural hospital foundation total ten
24 thousand dollars (\$10,000.00) or more. The match shall be

1 made by transferring from the separate challenge account to
2 the appropriate critical access or rural hospital board of
3 trustees an amount equal to the amount accumulated by the
4 foundation. The board shall immediately transfer all
5 matching funds received to its foundation. The critical
6 access or rural hospital foundation shall match the funds
7 received under this subsection with an equal amount of
8 foundation funds to be managed in accordance with
9 subsection (b) of this section.

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11 (b) Each critical access hospital shall enter into an
12 agreement with its foundation under which the foundation
13 shall manage the matching funds received under subsection
14 (a) of this section in the same manner as other permanent
15 endowment funds are managed by its foundation, including
16 the permanent investment of funds, maintenance of the fund
17 corpus as inviolate and the expenditure of fund earnings
18 for endowment purposes only.

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20 (c) Earnings from endowment funds established with
21 matching funds under this section shall be expended only
22 for the purpose of the endowment, including increasing the
23 balance in the fund corpus and reasonable costs of
24 administration.

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2 (d) The state treasurer shall make transfers to the
3 appropriate critical access hospital board under this
4 section not later than the end of the calendar quarter
5 following the quarter during which foundation gifts total
6 at least ten thousand dollars (\$10,000.00). If gifts are
7 made through a series of payments or transfers, no matching
8 funds shall be transferred under this section until the
9 total value of all payments or transfers actually received
10 totals at least ten thousand dollars (\$10,000.00).

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12 (e) Matching funds paid under this section shall not
13 be distributed to or encumbered by any critical access or
14 rural hospital foundation in excess of the amount in the
15 challenge account for that critical access or rural
16 hospital. Matching funds shall not be transferred to any
17 critical access or rural hospital board by the state
18 treasurer or from any such board to a foundation except to
19 match gifts actually received by the foundation.

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21 (f) If the foundation's board of any critical access
22 or rural hospital determines that the purpose of an
23 endowment gift to the critical access or rural hospital is
24 not consistent with the mission or capability of that

1 critical access or rural hospital, the gift shall not
2 qualify for matching funds under this section.

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4 (g) For the purpose of computing the matching amount,
5 the state treasurer shall use the value of an endowment
6 gift based upon its fair market value at the time the gift
7 is received by the critical access or rural hospital
8 foundation. The critical access or rural hospital shall
9 provide evidence of fair market value for any gift if
10 requested by the state treasurer and shall fund the cost of
11 providing any requested evidence.

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13 (h) Each critical access or rural hospital shall on
14 or before October 1 of each year submit a report to the
15 state treasurer from its foundation on the endowment
16 matching program under this section for the preceding
17 fiscal year. The report shall include a financial summary
18 and a review of the accomplishments resulting from
19 endowment program expenditures. The report required under
20 this subsection shall be for each applicable fiscal year
21 through June 30, 2014.

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23 (j) Notwithstanding any other provision of this
24 article, for any critical access or rural hospital

1 qualifying under the provisions of W.S.
2 35-1-1002(a)(ii)(B), funds provided under this article
3 shall be disbursed only to the board of county
4 commissioners in which the hospital is located. The board
5 of county commissioners shall provide those funds to the
6 critical access or rural hospital under contract between
7 the board of county commissioners and the critical access
8 or rural hospital, which contract shall incorporate all
9 provisions of this article and which shall control the
10 distribution and use of those funds.

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12 **Section 2.** The legislature finds that in response to
13 individual and community needs for health care, the small
14 rural hospitals of Wyoming generally have been created by
15 their communities out of their own resources without any
16 depth of cash reserve. Those hospitals have the
17 responsibility to serve the health care of those
18 communities' members and the well being of the residents of
19 the State of Wyoming. The small rural hospitals have
20 spiraling pharmaceutical costs, escalating payrolls, costs
21 of technology acquisition and maintenance, facility
22 operations and capital renovation and expansion which are
23 extremely significant financial challenges for such
24 hospitals. Such hospitals have little or no control over

1 these mounting expenses; if they are to fulfill their moral
2 and legal obligation of ready access to quality health care
3 within their communities, the only alternatives are
4 limitation of new or expanded service, acquisition of
5 equipment or cost shifting to increase prices in coming
6 years, which in turn triggers rising bad-debt write-off and
7 charity care. These constraints have led to reduction of
8 obstetrical and other services and in the most severe
9 circumstances closures of hospitals. The legislature finds
10 that the endowment fund program created by this act will
11 begin to return responsibility and control of the local
12 healthcare system to the rural communities which created
13 the system. The legislature intends to provide a perpetual
14 source of financial assistance to offset the unfunded
15 services provided by these hospitals, primarily as a result
16 of governmental payment policies, which do not cover the
17 actual cost of service delivery.

18

19 **Section 3.**

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21 (a) Seventeen million dollars (\$17,000,000.00) is
22 appropriated from the general fund to the critical access
23 or rural hospital endowment challenge account as created
24 under section 1 of this act. Notwithstanding any other

1 provision of law, any unexpended funds from the amount
2 appropriated under this subsection shall revert to the
3 budget reserve account on July 1, 2013.

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5 (b) The amount appropriated into the challenge
6 account under subsection (a) of this section shall be
7 equally deposited into each of the separate accounts
8 created within the account pursuant to section 1 of this
9 act.

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11 **Section 4.** This act is effective July 1, 2007.

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13 (END)