

HOUSE BILL NO. 708

INTRODUCED BY J. GILLETTE

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING REQUIREMENTS FOR A NONPROFIT HOSPITAL BOARD OF DIRECTORS; PROVIDING REQUIREMENTS AND DUTIES FOR MEMBERS OF A NONPROFIT HOSPITAL BOARD OF DIRECTORS; PROVIDING BOARD OF DIRECTOR MEMBERSHIP AND MEETING REQUIREMENTS; PROVIDING DEFINITIONS; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Nonprofit hospital -- board of directors -- licensing.** To be licensed

under this chapter, a nonprofit hospital located in this state must have a board of directors that complies with this section. This section is in addition to applicable requirements relating to nonprofit governance under Title 35.

(1) (a) The membership of a nonprofit hospital board of directors:

(i) must include only members who have a primary residence in the county or an adjacent county in which the hospital is physically located;

(ii) may not include employees of the nonprofit hospital;

(iii) may not include a person, entity, or employee of an entity that receives more than \$1,500 each calendar year from the nonprofit hospital;

(iv) may not include contracted physicians or any family members, employees, or members of a contracted physician group;

(v) must exclude all persons and family members of persons with an interest in an entity that has donated more than \$5,000 to the nonprofit hospital in the previous 5 years; and

(vi) must include the chief executive officer of the nonprofit hospital, who shall serve as a nonvoting member.

(b) (i) In the event of a vacant position, the position must be filled through applications taken from members of the public who meet the requirements of subsection (1)(a). The vacancy on the board must be

1 noticed and advertised by the nonprofit hospital at least three times a week for at least 2 consecutive weeks in
2 a print newspaper published and circulated in the county, city, or town, as well as in any other appropriate
3 electronic medium, where the nonprofit hospital is located.

4 (ii) Applications for a vacant position must be considered by the board, and all candidates must be
5 interviewed in sessions that are open to the public.

6 (2) (a) A quorum of the full board of directors of a nonprofit hospital is responsible for the following:

7 (i) approving every severance package regardless of size;

8 (ii) approving the compensation package of the chief executive officer and of the chief executive
9 officer's direct reports; and

10 (iii) hiring an independent third party to conduct a biennial 360 review of the nonprofit hospital's
11 chief executive officer and the chief executive officer's direct reports.

12 (b) In addition, a board quorum shall:

13 (i) every calendar year, conduct a board meeting that is open to the public and conducted in
14 accordance with open meeting laws applicable to public agencies under 2-3-203. Public notice must be made
15 of the meeting date, time, place, and agenda on the nonprofit hospital's web page and in the hospital newsletter
16 and local newspapers. The board shall provide time for public comment. The public meeting must include an
17 online option.

18 (ii) retain independent legal counsel for advice on board-related matters and responsibilities; and

19 (iii) organize a standing advisory committee of at least 12 hospital providers, nurses, and
20 managers. A board quorum shall meet with the advisory committee biannually to solicit input on hospital
21 operations, employee satisfaction, and patient satisfaction. In addition, the board of directors may hire third-
22 party consultants to review hospital operations, employee satisfaction, and patient satisfaction.

23 (3) For the purposes of this section, the following definitions apply:

24 (a) "Nonprofit hospital" means a hospital licensed under Title 50, chapters 1 and 2, that is
25 organized under a nonprofit corporation or organizational structure. The term includes but is not limited to the
26 nonprofit hospital and all owned, managed, or controlled affiliates.

27 (b) "Primary residence" means a residential location in this state in which a person resides for 6 or
28 more months each year.

