

Substitute for HOUSE BILL No. 2757

AN ACT concerning municipal hospitals; amending K.S.A. 12-1615, 13-14b11, 14-605, 19-4610 and 80-2511 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 12-1615 is hereby amended to read as follows: 12-1615. (a) As used in this section, the term “hospital” means a medical care facility as defined in K.S.A. 65-425 and amendments thereto and includes within its meaning any clinic, school of nursing, long-term care facility and child-care facility operated in connection with the operation of the medical care facility.

(b) Any person desiring to make donations of money, personal property or real estate, or to bequeath or devise any such property, for the purpose of founding, establishing, building, furnishing or maintaining a hospital shall have the right to vest the title to the money or property so donated, bequeathed or devised in the board of directors or trustees of any city hospital that may be provided for by law or to vest such title in any city of this state, and when such gift, bequest or devise shall be to any city, if there is no public hospital belonging to or under the control of ~~such the~~ city, then the mayor of ~~such the~~ city with the consent of the council, or the commissioners of any city under commission government, shall immediately name a five member board of trustees for ~~such the~~ hospital, and upon qualification of ~~such the~~ trustees, the title shall vest in ~~such the~~ trustees, and in any such case, the title shall thereafter be held and controlled by ~~such the~~ board according to the terms of the deed, gift, devise or bequest of such property; and as to such property, ~~such the~~ board shall be held and considered to be special trustee. At any time subsequent to the initial appointment of a five member board of trustees, the governing body by resolution may increase the number of trustees to serve on the board to seven or nine members. In the event the governing body does not increase by resolution the number of members to serve on the board of trustees, the board of trustees shall consist of five members.

(c) The members of the first board shall hold office for one, two, three, four and five years respectively. Each year the term of one member shall expire and a successor shall be appointed for a term of five years. In case of a vacancy occurring other than by expiration of term of office a successor shall be appointed for the unexpired term. All appointments shall be made in the same manner as original appointments.

(d) Whenever the number of members of an existing board of trustees is increased by resolution of the governing body of the city, the governing body shall provide by resolution for the expiration of the terms of the members appointed to the new positions on the board of trustees to coincide with the expiration of the terms of the members serving on the board of trustees at the time of the creation of the new positions so that no more than a simple majority of the members of the board of trustees is appointed at the same time. Upon the expiration of the terms of those originally appointed pursuant to this subsection, their successors shall be appointed for terms of five years.

(e) ~~Any such~~ The board of hospital trustees shall be authorized to *enter into an employment contract to engage the services of an administrator or chief executive officer to manage the affairs of the hospital and which establishes compensation for such services and the terms of engagement; to establish and fund pension and deferred compensation plans for hospital employees; and to procure contracts insuring hospital employees, their dependents, or any class or classes thereof under a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance. The employee's contribution, if any, to the plan and to the premium for such insurance may be deducted by the employer from the employee's salary when authorized in writing by the respective employee so to do. The board may also expend funds deemed necessary in the recruitment or retention of professional staff including, but not limited to, the purchase of professional liability insurance for such staff.*

(f) The person making a deed or gift, or the testator, may provide for an advisor or advisory board not exceeding five persons in number to advise and aid in carrying out the wishes of the donor or testator, but such advisor or advisors shall have no vote on the board of trustees unless a legal member thereof.

Sec. 2. K.S.A. 13-14b11 is hereby amended to read as follows: 13-14b11. The board of trustees shall have exclusive control of the management and operation of the hospital and shall make and adopt such rules and regulations for the government of the hospital as may be deemed expedient for the economical and proper conduct thereof. *The board is authorized to enter into an employment contract to engage the services of an administrator or a chief executive officer to manage the affairs of the hospital and which establishes compensation for such services and the terms of engagement.* The board of hospital trustees is authorized to establish and fund pension and deferred compensation plans for hospital employees and to procure contracts insuring hospital employees, their dependents, or any class or classes thereof under a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance. The employee's contribution, if any, to the plan and to the premium for such insurance may be deducted by the employer from the employee's salary when authorized in writing by the respective employee. The board is authorized to invest in any mutual insurance company organized by an association of health care providers to which the hospital belongs, enter into contracts with such company, pay any assessments pursuant to such contracts and arrange for the issuance of a letter of credit by any bank chartered by this state or which is a member bank of the federal reserve system. The board may also expend funds deemed necessary in the recruitment or retention of professional staff including, but not limited to, the purchase of professional liability insurance for such staff. No member of the board of trustees shall receive any compensation for services. On or before July 15 each year, the board shall file with the governing body of the city a written report of the management of the hospital, together with a statement of all receipts and expenditures during the year ending June 30.

Sec. 3. K.S.A. 14-605 is hereby amended to read as follows: 14-605. The trustees shall, within 10 days after their appointment or election, qualify by taking the oath of civil officers, and organize a board of hospital trustees by the election of one of their number as chairperson, one as secretary and one as treasurer; but no bond shall be required of any of them except the treasurer, who, before entering upon the treasurer's duties, shall give an official bond, to be approved by the governing body, in a sum ~~approximating~~ if a personal bond, *of twice the amount of the funds that may be confided in such the treasurer's care at any one time;* or if a corporate surety bond issued by a surety company authorized to do business in this state, the highest amount of the funds that may be confided to such treasurer's care at any one time; signed by sureties approved by the governing body, and filed in the office of the city clerk.

The treasurer shall receive and pay out all the moneys under the control of the board as ordered by it, but shall receive no compensation from such board. No trustee shall receive any compensation for such trustee's services performed, but a trustee may receive reimbursement for ~~any cash expenditures actually made for personal~~ expenses incurred as ~~such trustee, and an itemized statement of all such expenses and money paid out shall be made under oath by each of such trustees and filed with the secretary, and allowed only by the affirmative vote of a majority of the board, and an itemized statement of all such expenses and moneys paid out shall be made under oath by each of such trustees and filed with the secretary.~~ *such trustee, and an itemized statement of all such expenses and moneys paid out shall be made under oath by each of such trustees and filed with the secretary.*

The board of hospital trustees shall make and adopt such bylaws, rules and regulations for ~~their own guidance and for the government of the hospital as may be deemed expedient for the economical and proper conduct thereof not inconsistent with this act and the ordinances of the city.~~ They shall have the exclusive control of the expenditure of all moneys collected to the credit of the hospital fund and the purchase of site or sites, the purchase or construction of any hospital building or buildings, and of the supervision, care and custody of the grounds, rooms or buildings purchased, constructed, leased or set apart for that purpose. All money received for such hospital shall be deposited in the treasury of the board of trustees and paid out only by claims and warrants or warrant checks as provided by K.S.A. 10-801 to 10-806 inclusive, 12-105a and 12-105b, and amendments thereto. The board is authorized to invest in any

mutual insurance company organized by an association of health care providers to which the hospital belongs, enter into contracts with such company, pay any assessments pursuant to such contracts and arrange for the issuance of a letter of credit by any bank chartered by this state or which is a member bank of the federal reserve system. The board of hospital trustees shall have power to ~~appoint a suitable administrator and necessary assistants, and fix their compensation, and shall have power to remove such appointees, and to do all and everything necessary to properly conduct such hospital.~~ *enter into an employment contract to engage the services of an administrator or chief executive officer to manage the affairs of the hospital which establishes compensation for such services and terms of engagement.* The board of hospital trustees is authorized to establish and fund pension and deferred compensation plans for hospital employees and to procure contracts insuring hospital employees, their dependents, or any class or classes thereof under a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance. The employee's contribution, if any, to the plan and to the premium for such insurance may be deducted by the employer from the employee's salary when authorized in writing by the respective employee. The board may also expend funds deemed necessary in the recruitment or retention of professional staff including, but not limited to, the purchase of professional liability insurance for such staff.

~~Such~~ *The* board of hospital trustees shall hold meetings at least once each month and shall keep a complete record of all its proceedings. One of ~~such the~~ trustees shall visit and examine the hospital at least twice each month, and the board shall, during the first week in January of each year, file with the governing body of the city, a report of the proceedings with reference to ~~such the~~ hospital and a statement of all receipts and expenditures during the year, and shall at such time, certify the amount necessary to maintain, equip and improve the hospital for the ensuing year.

Sec. 4. K.S.A. 19-4610 is hereby amended to read as follows: 19-4610. (a) The board shall make and adopt such bylaws and rules and regulations for the management and control of the hospital as it deems necessary so long as the same are not inconsistent with this act, the statutes of the state of Kansas, the resolutions of the county and, if the hospital is located in a city, the ordinances of the city in which the hospital is located. The board shall have the exclusive control of the expenditures of all hospital moneys, except hospital moneys acquired through the issuance of revenue bonds, and all expenditures shall be subject to the approval of a majority of all the members of the board. The board is authorized to invest in any mutual insurance company organized by an association of health care providers to which the hospital belongs, enter into contracts with such company, pay any assessments pursuant to such contracts and arrange for the issuance of a letter of credit by any bank chartered by this state or which is a member bank of the federal reserve system. The board is charged with the supervision, care and custody of all hospital property. The board is authorized to ~~appoint an administrator, to fix the compensation thereof, and to remove such administrator.~~ *enter into employment contracts to engage the services of an administrator or chief executive officer to manage the affairs of the hospital, to establish compensation for such services and to establish the terms of the engagement.* The board may also require personal or surety bonds of all hospital employees entrusted with the handling of hospital moneys, such bonds to be in an amount to be determined and approved by the board.

(b) The board may establish and fund pension and deferred compensation plans and any other employee benefit plans for hospital employees and may procure contracts insuring hospital employees, their dependents, or any class or classes thereof, under a policy or policies covering one or more risks including, but not limited to, a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance or may provide for a plan of self-insurance for such purposes. The employee's contribution, if any, to the plan and to the premiums for insurance or for the expenses incurred by the board under a plan of self-insurance may be deducted by

the employer from the employee's salary when authorized in writing by the employee.

Sec. 5. K.S.A. 80-2511 is hereby amended to read as follows: 80-2511. (a) The board shall make and adopt such bylaws, rules and regulations for the management and control of the hospital as it deems necessary so long as the same are not inconsistent with this act, the statutes of the state of Kansas and the ordinances or resolutions of any political subdivision included in the area which constitutes the taxing district of the hospital. The board shall have the exclusive control of the expenditures of all hospital moneys and all expenditures shall be subject to the approval of a majority of the members of the board. The board is authorized to invest in any mutual insurance company organized by an association of health care providers to which the hospital belongs, enter into contracts with such company, pay any assessments pursuant to such contracts and arrange for the issuance of a letter of credit by any bank chartered by this state or which is a member bank of the federal reserve system.

(b) The board is charged with the supervision, care and custody of all hospital property. The board is authorized to ~~appoint~~ *enter into an employment contract to engage the services of an administrator, to fix the compensation thereof, and to remove such administrator or a chief executive officer to manage the affairs of the hospital which establishes compensation for such services and the terms of engagement.* The board may expend funds for the recruitment or retention of staff and such expenditures may include, but are not limited to: (1) The expenditure of funds for the provision of loans or scholarships to aid in financing the education of persons who agree, upon completion of their education, to become members of the staff; and (2) the purchase of professional liability insurance for such staff.

(c) The board may require personal or surety bonds of all hospital employees entrusted with the handling of hospital moneys, such bonds to be in an amount to be determined and approved by the board. The board may establish and fund pension and deferred compensation plans and any other employee benefit plans for hospital employees and may procure contracts insuring hospital employees, their dependents, or any class or classes thereof, under a policy or policies covering one or more risks including, but not limited to, a policy or policies of life, disability income, health, accident, accidental death and dismemberment, and hospital, surgical and medical expense insurance or may provide for a plan of self-insurance for such purposes. The employee's contribution, if any, to the plan and to the premiums for insurance and for any expenses incurred by the board under a plan of self-insurance may be deducted by the employer from the employee's salary when authorized in writing by the employee.

Sec. 6. K.S.A. 12-1615, 13-14b11, 14-605, 19-4610 and 80-2511 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

\_\_\_\_\_  
HOUSE concurred in  
SENATE amendments \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*