

**IC 16-23**

**ARTICLE 23. MUNICIPAL AND OTHER TYPES OF HOSPITALS**

**IC 16-23-1**

**Chapter 1. City Hospitals in Third Class Cities**

**IC 16-23-1-1**

**Application of chapter**

Sec. 1. This chapter applies to the following:

- (1) Each third class city that:
  - (A) adopted IC 16-12.2-5 (before its repeal on July 1, 1993);
  - or
  - (B) adopts this chapter;by ordinance.
- (2) Each city to which IC 16-12.2-5 applied before September 1, 1981.

*As added by P.L.2-1993, SEC.6.*

**IC 16-23-1-2**

**Appropriations and tax levies; conditions**

Sec. 2. The city and county officers shall appropriate sufficient money annually and levy a tax annually on the taxable property in the county to meet a deficiency that exists, or is reasonably anticipated by the board of directors of the hospital, to maintain, equip, and operate the city hospital for the ensuing calendar year if the hospital meets the following conditions:

- (1) Is established, maintained, and operated inside or within two
- (2) miles of and in the same county as a city subject to this chapter.
- (2) Is established at a time when there is no other city, county, or public hospital maintained and operated in that county.
- (3) Is open to all residents of the county without discrimination in the rates, facilities, and services.

*As added by P.L.2-1993, SEC.6.*

**IC 16-23-1-3**

**Governing board; members**

Sec. 3. (a) A governing board shall manage the hospital. The board consists of seven (7) members, all of whom must be qualified voters of the county in which the hospital is located.

(b) One (1) or two (2) of the members may be a licensed and practicing physician. One (1) member may be a registered nurse.

(c) The governing board is a separate legal entity under the name and style of "Board of Directors of \_\_\_\_\_ Hospital, \_\_\_\_\_, Indiana".

*As added by P.L.2-1993, SEC.6. Amended by P.L.91-2002, SEC.15 and P.L.100-2002, SEC.16.*

#### **IC 16-23-1-4**

##### **Appointing board; members; oath**

Sec. 4. (a) Appointments to the governing board shall be made by an appointing board consisting of the following:

- (1) The city executive of the city in which the hospital is located.
- (2) A member of the county fiscal body to be chosen by the county fiscal body of the county.
- (3) A member of the county executive to be chosen by the county executive at the county executive's regular January meeting each year.

(b) The members of the appointing board shall take and subscribe an oath for the honest and faithful performance of the members' duties. The oath shall be filed in the office of the county auditor. The appointing board serves without bond.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-4.1**

##### **Governing board membership limitation**

Sec. 4.1. A member of an appointing authority for the governing board of a hospital established and operated under this article may not serve on the hospital's governing board.

*As added by P.L.100-2002, SEC.17.*

#### **IC 16-23-1-5**

##### **Appointing board; meetings**

Sec. 5. (a) The appointing board shall hold regular meetings to appoint members of the governing board on the third Monday of January in each year, but may adjourn from day to day until appointments are made for all expired or vacant memberships on the governing board.

(b) Except as provided in section 7 of this chapter, a vacancy existing on the governing board may be filled at a special meeting called by the county auditor or by any two (2) members of the appointing board, on five (5) days notice to all members not joining in the call or without notice when all of the appointing board are present.

(c) All meetings of the appointing board shall be held at the county executive's office unless by unanimous consent the appointing board determines to hold a meeting in the city executive's office.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-6**

##### **Board of directors; conflicts of interest**

Sec. 6. An individual is not prohibited from serving as a member of the board of directors if the member:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with the hospital. However, the member shall disclose the interest or profit in writing to the board

and provide a copy to the state board of accounts. The member shall abstain from voting on any matter that affects the interest or profit.  
*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-7**

##### **Governing board; vacancies; candidates**

Sec. 7. Whenever a vacancy occurs on the governing board, the existing governing board shall submit a list of three (3) candidates for each vacancy to be filled to the appointing authority. Each candidate submitted by the governing board must meet the requirements concerning board members.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-8**

##### **Governing board; vacancies; appointments**

Sec. 8. (a) For each vacancy, the appointing authority may do one (1) of the following:

- (1) Appoint one (1) of the three (3) candidates submitted by the governing board.
- (2) Request and receive from the governing board a second list of three (3) candidates.
- (3) Appoint an individual who meets the requirements concerning board members and who was not named in the initial list submitted by the governing board.

(b) If the appointing authority requests and receives a second list of three (3) candidates under subsection (a)(2), the appointing authority may do one (1) of the following:

- (1) Appoint one (1) of the three (3) candidates named in the second list.
- (2) Appoint an individual who meets the requirements concerning board members and who was not named in the second list of three (3) candidates submitted by the governing board.

(c) The appointment for a vacancy shall be made within sixty (60) days of the submission of the initial list of candidates under section 7 of this chapter.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-9**

##### **Governing board; terms**

Sec. 9. (a) The directors shall be appointed on the third Monday of January.

(b) The initial terms of the governing board are as follows:

- (1) Two (2) members for one (1) year.
- (2) Two (2) members for two (2) years.
- (3) One (1) member for three (3) years.
- (4) Two (2) members for four (4) years.

(c) Each subsequent term is for four (4) years.

(d) The term of each member begins February 1 in the year of appointment at the expiration of the member's predecessor's term and

continues four (4) years and until a successor is appointed and qualified. However, an interim member chosen to fill a vacancy begins tenure at the time specified in the member's certificate of appointment and serves the unexpired term of the member the interim member succeeds.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-10**

##### **Governing board; time of appointments; continuation of appointing board membership**

Sec. 10. (a) The appointments of members of the hospital governing board may not be made before the third Monday of January in the respective years and shall be made by the appointing board.

(b) If the county executive in any year fails to appoint one (1) of the board's members to the appointing board for the current year, the county executive who served on the appointing board in the preceding year, if the individual is still a member of the county executive, continues as a member of the appointing board until the county executive makes the board's annual appointment.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-11**

##### **Board of directors; certificates of appointment; oaths and bonds**

Sec. 11. (a) The appointing board established under section 4 of this chapter shall issue a certificate of appointment to each member of the board of directors chosen. The certificate shall be executed by a majority of the appointing board and attested by the county auditor who shall act as secretary of the appointing board.

(b) Each member of the governing board shall execute and file with the county recorder, including a copy in the office of the city clerk-treasurer, an oath and a bond in the amount of two thousand dollars (\$2,000) for the honest and faithful performance of the member's duties. The bonds are subject to approval by the city executive. If a surety company bond is given, the cost of the bond shall be paid from hospital funds. The cost of recording the bond and oath shall also be paid from the proper hospital funds.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-12**

##### **Governing board meetings; time and place; quorum**

Sec. 12. (a) The governing board shall hold one (1) regular meeting each month at a time and place to be fixed by the board. The meeting must be held in a convenient place in the city in which the hospital is located. Special meetings of the board may be held on written notice by the president, the secretary, or any three (3) members of the board to the remaining members. Personal attendance at a meeting constitutes a waiver of notice.

(b) A majority of all members of the board constitutes a quorum for the transaction of business at any regular or special meeting. A

majority vote of all members of the board is required on all questions or business.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-13**

#### **Treasurer; city clerk-treasurer**

Sec. 13. (a) The city clerk-treasurer is ex officio treasurer of the board of directors, unless the board appoints a separate treasurer under section 14 of this chapter. The clerk-treasurer serves without additional compensation and does not have a vote on any matter or question coming before the board.

(b) A certificate of official character and additional oath or bond is not required of the clerk-treasurer, but the city fiscal body, in fixing the amount of the official bond as clerk-treasurer, shall take into consideration the amount of money under the clerk-treasurer's control for hospital purposes, as well as other city funds.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-14**

#### **Separate treasurer**

Sec. 14. (a) If the governing board desires to have a separate treasurer, the board shall adopt a resolution providing for a separate treasurer for the hospital and the governing board. The resolution must be adopted at least one hundred (100) days before the beginning of a calendar year and takes effect the first day of the next calendar year after the passage of the resolution. A true copy of the resolution of the board shall be certified, within ten (10) days after adoption by the board, to the city legislative body and shall be filed in the city clerk-treasurer's office. The city legislative body shall approve or disapprove the board's resolution, by ordinance or resolution of the city legislative body, at the next regular meeting held after the resolution is adopted by the board and after the deposit of a copy of the resolution in the city clerk-treasurer's office. The failure of the city legislative body to act at the next regular meeting is not a waiver of the right to do so, and the time provisions for the city legislative body's action are directory and not mandatory. The board resolution and city legislative body resolution or ordinance of approval must be adopted not later than November 1 of any given year to authorize the appointment of a separate treasurer for the board on January 1 of the following year.

(b) Upon the adoption of an ordinance or a resolution under subsection (a) by the city legislative body and the completion of the board and city legislative body action, the governing board shall appoint a hospital treasurer to serve for the ensuing year in place of the city clerk-treasurer.

(c) The treasurer appointed each year may be a member of the board or any other competent person residing in the county in which the hospital is situated. The treasurer shall subscribe an oath and execute a bond in the amount required by the board for the proper and honest performance of duties, to the approval of the hospital

board, with proper surety on the bond.

(d) The provision for a separate treasurer of the hospital and board remains in effect without further proceedings of the board or council, unless the board and city legislative body restore the ex officio status of the city clerk-treasurer for the board effective at the beginning of the next calendar year. The resolution of the board and resolution or ordinance of the city legislative body also must be adopted not later than November 1 before the change takes effect.

(e) The board shall fix the separate treasurer's compensation in an amount not exceeding six hundred dollars (\$600) each year. If the treasurer is a member of the board, the compensation is in addition to the salary fixed for board members.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-15**

#### **Duties of treasurer**

Sec. 15. The treasurer shall receive, deposit, and pay out all money of the board and hospital as ordered and shall sign all checks or other evidences of indebtedness when authorized by board action.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-16**

#### **Governing board officers**

Sec. 16. (a) The governing board shall organize each year by the election of officers at the regular February meeting or the first called meeting in that month. The officers of the board are president, vice president, secretary, and treasurer. The officers must be board members, except that the board may appoint a separate treasurer from outside the board membership as provided by section 14 of this chapter.

(b) The officers serve from the date of election until February 1 of the next year and until respective successors are elected and qualified.

(c) If a vacancy exists in any office at a time other than the date for the annual election of officers, the governing board shall fill the vacancy for the unexpired term.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-17**

#### **Duties of governing board officers**

Sec. 17. (a) The president shall preside at the regular and special meetings of the governing board and shall perform all other duties that are authorized or required by the board or the board's bylaws, rules, and regulations.

(b) The vice president shall discharge the duties of the president if any of the following occurs:

(1) The president is incapacitated or absent.

(2) There is a vacancy in the office of president.

(3) The president relinquishes the president's duties as presiding officer at any meeting.

(c) The secretary serves as executive officer of the board, acting for the board and exercising the powers and performing the duties at board meetings and during the intervals between meetings that the board authorizes.

(d) At any meeting when only one (1) officer is present and the officer relinquishes the officer's duties or when the president and vice president are both absent, the members present shall choose a presiding officer from the members in attendance for that meeting.  
*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-18**

##### **Compensation of governing board members and officers**

Sec. 18. (a) The governing board shall, by resolution, fix the compensation of the officers and board members in a reasonable amount and may fix a higher amount for the officers who perform additional duties outside board meetings. A certified copy of the resolution shall be submitted to the city fiscal body.

(b) The city fiscal body may approve or reject the compensation proposed by the board, but the city fiscal body may not increase or decrease the amount fixed by the board.

(c) If the board's resolution is confirmed and the salaries are approved by the city fiscal body, the compensation takes effect at the time fixed in the resolution.

(d) The compensation of board members may be fixed on an annual basis or on a specified amount for each meeting, but may not exceed the compensation of members of the city fiscal body. This limitation does not apply to the officers of the board who perform duties outside of the board meetings.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-19**

##### **Duties of governing board**

Sec. 19. (a) The governing board shall do the following:

- (1) Control and manage the city hospital.
- (2) Make and establish all necessary or proper bylaws and rules for the maintenance and operation of the hospital.
- (3) Fix reasonable rates to patients for rooms, care, treatment, and service that are necessary or proper to fulfill the purposes and functions of the hospital.

(b) In addition to IC 5-14-1.5-6.1(b), a hospital organized or operated under this article may hold executive sessions to do any of the following:

- (1) Discuss and prepare bids, proposals, or arrangements that will be competitively awarded among health care providers.
- (2) Discuss recruitment of health care providers.
- (3) Discuss and prepare competitive marketing strategies.
- (4) Engage in strategic planning.
- (5) Participate in a motivational retreat with staff or personnel if the hospital does not conduct any official action (as defined in IC 5-14-1.5-2(d)).

(c) IC 5-14-1.5-5, IC 5-14-1.5-6.1, and IC 5-14-1.5-7 apply to executive sessions held under subsection (b).

(d) A hospital organized or operated under this article may hold confidential, until the information contained in the records is announced to the public, records of a proprietary nature that if revealed would place the hospital at a competitive disadvantage, including the following:

- (1) Terms and conditions of preferred provider arrangements.
- (2) Health care provider recruitment plans.
- (3) Competitive marketing strategies regarding new services and locations.

*As added by P.L.2-1993, SEC.6. Amended by P.L.91-2002, SEC.16 and P.L.100-2002, SEC.18.*

### **IC 16-23-1-19.5**

#### **Insurance**

Sec. 19.5. The governing board of a hospital organized or operated under this article may enter into a group purchasing agreement to purchase medical malpractice insurance with the following:

- (1) One (1) or more hospitals organized or operated under this article.
- (2) One (1) or more hospitals organized or operated under IC 16-22.

*As added by P.L.91-2002, SEC.17 and P.L.100-2002, SEC.19.*

### **IC 16-23-1-20**

#### **Nonprofit operation; rate reductions**

Sec. 20. The board may not operate the hospital for profit, but shall attempt to make the revenues from patients and other income equal the expense of operation, maintenance, and equipment if practicable. The board may admit and care for the number of patients who are in need of hospitalization and are unable to pay for the hospitalization in whole or in part as the facilities of the hospital will permit. The board may reduce the rates to be charged for these patients or admit these patients without charge.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-21**

#### **Discrimination prohibited**

Sec. 21. (a) The hospital may not discriminate among patients due to the following:

- (1) Race, color, or sex.
- (2) Occupational, economic, or social status.
- (3) Political or religious belief or the lack of political or religious belief.

(b) The hospital must also be open to all licensed physicians of the county and the patients of licensed physicians on equal terms and under uniform rules.

*As added by P.L.2-1993, SEC.6.*



#### **IC 16-23-1-22**

##### **Equipment and personal property**

Sec. 22. The governing board may do the following:

- (1) Purchase or lease equipment, appliances, and other personal property for the operation and maintenance of the hospital.
- (2) Sell or exchange equipment or personal property of the hospital or trade the equipment or personal property for other equipment or property to be purchased or acquired.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-23**

##### **Procurement contracts; trust bids, proposals, and quotations**

Sec. 23. (a) This section applies to the award of a contract under this chapter for the procurement of property by acceptance of bids, proposals, or quotations.

(b) A bid, proposal, or quotation submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:

- (1) beneficiary of the trust; and
- (2) settlor empowered to revoke or modify the trust.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-24**

##### **Loans in anticipation of taxes**

Sec. 24. (a) If the city fiscal body authorizes the borrowing by ordinance, the board of directors may borrow money by negotiating a temporary loan in anticipation of taxes already levied and in process of collection or distribution in the current year.

(b) The notes, warrants, or other evidences of indebtedness must:

- (1) be executed by the city executive and attested by the clerk-treasurer; and
- (2) be payable not later than the end of the calendar year in which the auditor of the county or the clerk-treasurer of the city will collect and distribute the taxes in anticipation of which the temporary loan is made and the money borrowed.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-25**

##### **Superintendent; personnel; business manager; pension or retirement plan; powers and duties**

Sec. 25. (a) The governing board shall employ an experienced and a qualified person as superintendent of the hospital and other agents, employees, representatives, and servants that the board considers necessary. The board may fix salaries or compensation upon terms and conditions and with powers and duties the board considers proper. The board may delegate to the secretary or to the superintendent any of the board's powers under this section. The board, or the superintendent or secretary under authority granted by the board, may terminate the employment of a person appointed under this section at any time and with or without notice, except the superintendent and business manager.

(b) The governing board may also do the following:

- (1) Appoint a business manager for the hospital.
- (2) Give the manager powers and duties over the administration of the hospital.
- (3) Pay the manager the compensation that the board considers proper.

(c) The governing board may, upon due investigation, authorize and place into effect a fair and reasonable pension or retirement plan for the hospital personnel with a reputable and an experienced company engaged in that business.

(d) All persons appointed or employed by the board under this section serve in the appointed or employed capacities, exercise the powers, and perform the duties that are authorized by the board or by the secretary of the board under authority granted by the board. However, the right of employment or termination of employment of the superintendent or business manager must be exercised by the board and may not be delegated to the secretary or any other person or officer.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-26**

##### **Estimate and budget**

Sec. 26. (a) Before August 2 of each year, the governing board shall do the following:

(1) Analyze, estimate, compute, and consider the following for the current year and the next year for which the budget is being prepared:

(A) The income from patients, trust funds, gifts, donations, and all other sources during the current year and receipts that the board may reasonably anticipate.

(B) The expenditures already made and that may reasonably be anticipated for the hospital, including the following:

(i) The price trends in food, supplies, equipment, and other items of personal property required in the hospital.

(ii) The present and prospective number of patients using the hospital during the period for which the estimates are made.

(iii) Other facts, conditions, and circumstances that may probably affect the income or expenses of the hospital during the period.

(2) Determine whether there will be a deficiency in the funds necessary to maintain, equip, and operate the hospital in the next calendar year.

(b) The estimate and budget must be:

- (1) in writing;
- (2) signed in triplicate by at least a majority of the board; and
- (3) certified by the secretary of the board.

(c) Before August 2 of each year, one (1) copy of the estimate and budget shall be filed in the office of the auditor of the county and one (1) copy shall be filed in the office of the clerk-treasurer of the city.

The third copy must remain on file with the secretary of the board.  
*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-27**

##### **Tax levy without anticipated deficiency prohibited**

Sec. 27. If the estimate and budget show no anticipated deficiency for the next calendar year, the city and the county may not levy any tax on the property of the city or county for the ensuing year.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-28**

##### **Anticipated deficiency; tax levy**

Sec. 28. (a) If the budget and estimate filed in the auditor's office of the county in any year shows an anticipated deficiency, the amount of the deficiency shall be set out in the copy of the budget and estimate filed, and the board shall request that the fiscal body of the county appropriate sufficient funds and levy a sufficient tax rate on the taxable property of the county to meet the deficiency. The county auditor shall, upon the basis of the request, compute the amount of money necessary to be appropriated and the amount of tax levy necessary to be made on the taxable property of the county to meet the estimated deficiency in the anticipated hospital funds for the ensuing calendar year. The auditor shall place the tax levy before the county fiscal body at the fiscal body's annual budget meeting in September of the same year the request is filed.

(b) The county fiscal body shall place the amount of the anticipated deficiency in the county budget for the next calendar year and shall levy a sufficient tax on all taxable property in the county to meet the anticipated deficiency. However, the tax rate fixed by the county fiscal body in any one (1) year may not exceed three and thirty-three hundredths cents (\$0.0333) on each one hundred dollars (\$100) of taxable property in the county. The levy is known as the hospital aid tax.

*As added by P.L.2-1993, SEC.6. Amended by P.L.6-1997, SEC.169.*

#### **IC 16-23-1-29**

##### **Appropriations; special hospital aid tax**

Sec. 29. (a) If the county fiscal body is not authorized to appropriate sufficient funds under this chapter to meet an anticipated deficiency in any one (1) year reported and filed in the offices of the county auditor and city clerk-treasurer, the city fiscal body may appropriate a sufficient amount of funds for the next calendar year to meet the balance of the anticipated deficiency and levy a special hospital aid tax on all taxable property in the city for this purpose.

(b) The rate fixed by the city fiscal body for a hospital aid tax in any one (1) year may not exceed two and thirty-three hundredths cents (\$0.0233) on each one hundred dollars (\$100) of taxable property. The tax is in addition to any tax levied by the city for the retirement of bonds or other evidences of indebtedness and payment of interest charges for the alteration, repair, or improvement of the

hospital, including the construction of additions and extensions to the hospital.

*As added by P.L.2-1993, SEC.6. Amended by P.L.6-1997, SEC.170.*

### **IC 16-23-1-30**

#### **Emergency appropriations**

Sec. 30. The fiscal body of the county and the fiscal body of the city may make additional appropriations of funds during any calendar year to meet an emergency for hospital expenditures authorized under this chapter, payable out of any part of the general fund of the county or city not otherwise appropriated.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-31**

#### **Appropriation approval; review; revision; annual reports**

Sec. 31. (a) If the annual budget and appropriations, or any additional appropriations or transfers of money, made or proposed by the board of directors, excluding any cumulative building money:

(1) is not based upon or derived in part from a tax levy on property in the county or city; and

(2) involves only the funds of the hospital derived wholly from other sources than property taxes;

the board only needs to adopt a resolution for the approval of the budget appropriations, additional appropriations, or transfers and file a true copy of the budget appropriations, additional appropriations, or transfers and the resolution in the offices of the county auditor and city clerk-treasurer within seven (7) days after board action for the information of the public.

(b) If the funds are not derived from taxation, the city fiscal body may review, consider, and file objections and take an appeal to the department of local government finance upon the following:

(1) An annual budget and any appropriations in the budget and request the reduction or elimination of any item.

(2) Additional appropriations or transfers of funds, or any part of additional appropriations or transfers of funds, within ten (10) days after the certificate has been filed in the clerk-treasurer's office.

The ruling and action of the department of local government finance is final and conclusive.

(c) The annual budget and appropriations may be revised by the board of directors by increasing or decreasing items in the budget based on revenues derived from sources other than property taxes and by transfer from any items of the budget and appropriations to other items of the budget, without giving legal notice or any public hearing. However, a copy of each resolution changing the budget or any appropriations or transfers of funds shall be filed with the city clerk-treasurer and county auditor within seven (7) days after the passage of each resolution. The resolution is subject to appeal by the city fiscal body to the department of local government finance for final action in the manner and within the period provided in this

section.

(d) The governing board shall annually file a condensed annual report of receipts and expenditures of all hospital funds. Expenses or income items may be summarized in a fair and an accurate manner for the information of all taxpayers and citizens. A copy of the annual report covering the preceding calendar year shall be filed in the city clerk-treasurer's office and in the county auditor's office on or before the first Monday in March. Detailed information on the items must be available for inspection by the public at the hospital administrator's office.

*As added by P.L.2-1993, SEC.6. Amended by P.L.90-2002, SEC.398.*

### **IC 16-23-1-32**

#### **Hospital aid taxes; collection and deposit**

Sec. 32. (a) The county treasurer shall collect all hospital aid taxes levied by the county fiscal body or city fiscal body as other taxes on property are collected, and the county auditor shall pay over the amount to the clerk-treasurer of the city. The amount shall be placed in the hospital fund of the city, subject to the order of the governing board, and is available for the payment of maintenance, equipment, supplies, and operating expenses of the city hospital and for any other purpose for which the current budget of the hospital provides.

(b) The clerk-treasurer shall keep the hospital aid money levied by the county fiscal body or the city fiscal body in separate items on the appropriation records of the city. The amount received from the hospital aid levy of the county shall be considered appropriated for hospital purposes, without further appropriation by the city fiscal body.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-33**

#### **Records, books, papers, and physical property; inspection and examination**

Sec. 33. The business records, books, papers, and physical property of the hospital shall be kept open at all reasonable times to the inspection and examination of the following:

- (1) The state board of accounts.
- (2) The city executive, the city fiscal body, and the board of public works and safety of the city.
- (3) The county legislative body, the county fiscal body, and the judge of the circuit court of the county.
- (4) Any other authorized local or state officer, board, or commission.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-34**

#### **Gifts, donations, bequests, devises, and property in trust; acceptance and control**

Sec. 34. (a) The governing board may accept gifts, donations, bequests, and devises, and property in trust for the use and benefit of

the hospital. The board shall recommend and the city fiscal body, by resolution or ordinance, must approve the terms and acceptance of any trust. If no trust is involved and there is an unconditional gift or donation to the hospital or to the city for hospital purposes, the board may accept the gift on behalf of the hospital without referring the gift to the city fiscal body.

(b) The governing board shall control all trust funds or property and other donations, gifts, bequests, or devises belonging to the hospital or made to the city for hospital purposes. The board shall carry out terms and conditions of a trust involving acts or proceedings in connection with the hospital.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-35**

#### **Facility construction, improvement, and repair by city legislative bodies**

Sec. 35. (a) If the city legislative body of a city having a city hospital determines that the city hospital's buildings and facilities are or will soon become insufficient to serve the needs of the residents of the city and of the county in which the city is located, the city legislative body may, by ordinance, do any of the following:

- (1) Provide for the construction of any of the following:
  - (A) Buildings at the same or a different location to replace or supplement the hospital building.
  - (B) An extension and addition to any hospital building.
- (2) Provide for the alteration, improvement, remodeling, or repair of any hospital building and grounds.
- (3) Provide for the acquisition by condemnation, purchase, or donation of additional real property.

(b) The city fiscal body may, by ordinance, appropriate or borrow the necessary money and issue bonds of the city. The city fiscal body shall annually levy a sufficient tax on all taxable property in the city to pay the principal of the bonds that will mature in the ensuing calendar year and the interest payments due in the ensuing calendar year on all outstanding bonds of that issue. The appropriations and bonds may include the cost of architects' services and any preliminary proceedings, legal services, and other incidental expense in connection with the project.

*As added by P.L.2-1993, SEC.6.*

### **IC 16-23-1-36**

#### **Bonds; terms; security**

Sec. 36. (a) The ordinance specified in section 35 of this chapter shall provide for the following:

- (1) The issuance, sale, execution date, and principal of each bond to be issued.
- (2) The number of bonds and the aggregate principal of the bond issue.
- (3) The payment of interest on the bonds annually or semiannually.

(4) A maturity date that is within twenty-five (25) years from the date of execution of the bonds.

(5) Any other terms authorized or required by statute.

(b) The city fiscal body also shall pledge the full faith and credit of the city, with the city's taxable property, to the redemption of the bonds on the respective maturity dates of the bonds and to the payment of all interest becoming due on the bonds.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-37**

##### **Facility construction, improvement, and repair by governing board**

Sec. 37. (a) The governing board may design, order, contract for, and execute the following:

(1) The construction of other buildings at the same or a different location to replace or supplement a hospital building.

(2) The construction of an adequate and a proper extension and addition to a hospital building.

(3) The alteration, improvement, repair, and remodeling of a hospital building and grounds.

(4) The acquisition by condemnation, purchase, or donation of additional real property.

(5) The purchasing, construction, remodeling, enlargement, or acquisition in any lawful manner of a building for a hospital purpose.

(b) The governing board shall perform duties and exercise powers authorized by ordinances adopted by the fiscal body of the city or county for the appropriation of adequate funds or the borrowing of money by issuance and sale of the bonds of the city or county.

(c) Except as provided in IC 36-1-12-1(c) or in this chapter, the governing board is governed by all applicable statutes for third class cities in the making of repairs, construction, improvement, extension, or addition of or to the hospital, including the acquisition or condemnation of real property.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-38**

##### **Federal funds and grants; county funds**

Sec. 38. The city and the governing board may, by the proper officers, do the following:

(1) Apply for, accept, and receive federal funds or grants available to aid the hospital project.

(2) Agree to and carry out the terms of the grant.

(3) Execute any necessary applications, contracts, and other instruments for this purpose.

(4) Accept and receive any funds appropriated and available from the county under this chapter and use the funds for the hospital project.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-39**

**Emergency hospital construction, improvement, and repair; bonds**

Sec. 39. (a) This section applies to the county fiscal body of a county in which a city hospital is located and maintained.

(b) The county fiscal body may issue and sell bonds and appropriate money, if the fiscal body finds the following:

(1) An emergency exists.

(2) To meet the medical needs of the county residents living inside and outside the corporate limits of the city it is necessary to aid in the following:

(A) The construction, improvement, repair, or remodeling of hospital buildings and grounds.

(B) The construction of an extension or addition to the hospital.

(C) The acquisition of real property for the hospital.

(3) An appropriation of county funds, borrowing of money, and issuance and sale of bonds by the county are in the best interests of all the citizens of the county.

(c) The county fiscal body may issue and sell bonds and appropriate the proceeds to meet the emergency:

(1) without regard to whether the city in which the hospital is located has issued and sold bonds for these purposes or contemplates the issuance and sale of bonds;

(2) as other county bonds are issued and sold under statute; and

(3) subject to approval of the department of local government finance.

(d) The principal derived from the sale of the bonds, upon due appropriation by the county according to statute, shall be paid to the clerk-treasurer of the city to assist in paying the cost of the improvement, repair, remodeling, or construction project of the hospital or for the acquisition of real property, without reappropriation by the fiscal body of the city.

*As added by P.L.2-1993, SEC.6. Amended by P.L.90-2002, SEC.399.*

**IC 16-23-1-40**

**Cumulative hospital building fund; tax rate; investment**

Sec. 40. (a) The governing board may request a cumulative hospital building fund and a tax rate upon all taxable property in the county in which the hospital is located to finance the fund. If a resolution is approved by majority vote of all members at a regular or special board meeting, the resolution shall be certified to the county auditor, who shall submit the resolution to the county executive for preliminary approval and recommendation. Upon the approval of the county executive, the county auditor shall publish notice of a public hearing before the county council on the establishment of a cumulative hospital building fund and tax rate in each year.

(b) The cumulative building tax rate begins in any calendar year when all proceedings to establish the tax rate have been completed before August 2 in that year. The rate is levied on each one hundred dollars (\$100) of taxable property for that year, payable in the next



year, and continues each year for a term not exceeding twelve (12) years. The resolution of the board must specify the following:

- (1) The number of years.
- (2) The effective date when the tax levy begins.
- (3) The amount of rate on each one hundred dollars (\$100) of taxable property.
- (4) Any other pertinent facts considered advisable by the board.

(c) Except as provided in subsections (f) through (h), the rate on each one hundred dollars (\$100) may be reduced but not increased by the department of local government finance in approving a cumulative building tax rate. The rate as finally fixed by the department of local government finance is final. However, the county fiscal body, by three-fourths (3/4) affirmative vote of the county fiscal body's members, may reduce the rate in any given year or years to meet an emergency existing in the county, but the temporary reduction affects the rate only in the year when the action is taken. The rate is automatically restored to the rate's original amount in each succeeding year of the established period except in any other year when another emergency reduction is made. The rate is subject to review each year by the county fiscal body, but the county tax adjustment board and department of local government finance may not reduce the rate below the original rate established and approved by vote of the county fiscal body unless the county fiscal body reduces the rate.

(d) The county fiscal body, city fiscal body, county tax adjustment board, or department of local government finance does not have power or jurisdiction over the annual budget and appropriations, additional appropriations, or transfer of money unless the action involves the expenditure or raising of money derived from property taxes. If the cumulative building fund is the only hospital fund raised by taxation, section 31 of this chapter controls.

(e) The cumulative building fund raised may be properly and safely invested or reinvested by the board to produce an income until there is an immediate need for the fund's use. The fund and any income derived from investment or reinvestment of the fund may be used as follows:

- (1) To purchase real property and grounds for hospital purposes.
- (2) To remodel or make major repairs on any hospital building.
- (3) To erect and construct hospital buildings or additions or extensions to the buildings.
- (4) For any other major capital improvements, but not for current operating expenses or to meet a deficiency in operating funds.

(f) Not later than August 1 of any year, ten (10) or more taxpayers in the county may file with the county auditor of the county in which the hospital is located a petition for reduction or rescission of the cumulative building tax rate. The petition must set forth the taxpayers' objections to the tax rate. The petition shall be certified to the department of local government finance.

(g) Upon receipt of a petition under subsection (f), the department of local government finance shall, within a reasonable time, fix a date for a hearing on the petition. The hearing must be held in the county in which the hospital is located. Notice of the hearing shall be given to the county fiscal body and to the first ten (10) taxpayers whose names appear on the petition. The notice must be in the form of a letter signed by the secretary or any member of the department of local government finance, sent by mail with full prepaid postage to the county fiscal body and to the taxpayers at their usual places of residence at least five (5) days before the date fixed for the hearing.

(h) After the hearing under subsection (g), the department of local government finance shall approve, disapprove, or modify the request for reduction or rescission of the tax rate and shall certify that decision to the county auditor of the county in which the hospital is located.

*As added by P.L.2-1993, SEC.6. Amended by P.L.41-1993, SEC.32; P.L.90-2002, SEC.400.*

#### **IC 16-23-1-41**

##### **Claims against hospitals**

Sec. 41. All claims against the hospital for money payable for services provided, items furnished, or expenses incurred at or for the hospital shall be considered and allowed or disallowed, in whole or in part, as the board of directors considers proper. The allowance or disallowance shall be certified or attested by the secretary, president, or other member authorized by the board to endorse the action taken on claims. The claims shall then be filed in the clerk-treasurer's office of the city. If the claims are covered by proper appropriations in effect and unexpended and are in due form, or if no appropriation is required by statute and the claims are filed and allowed according to statute, the clerk-treasurer shall promptly pay the claims out of the hospital funds of the city to the individual, firm, corporation, or other legal entity to whom the claims are due.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-42**

##### **Maintenance and operation of properties**

Sec. 42. All property constructed, purchased, improved, repaired, remodeled, or acquired by the city or by the board of directors and used for hospital purposes shall be maintained and operated as and for a city hospital under the control of the board of directors, with equal representation on the board to the residents of the city and to the citizens of the county residing outside the city and with equal rights, facilities, service, and treatment available to citizens of the county residing inside and outside the corporate limits of the city.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-43**

##### **City classification changes; effect**

Sec. 43. If a city to which this chapter applies becomes a city of

a different class, the hospital may continue to be maintained, operated, improved, remodeled, and enlarged, and real property acquired, as provided in this chapter as if the classification had not changed.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-44**

##### **Joint hospital operation**

Sec. 44. A city hospital operating under this chapter may operate jointly with a county hospital in the same county created under IC 16-22-13. Joint operation may include joint employment of an administrator and other personnel, joint policies, joint purchases, joint services, and other programs to reduce the costs of health care. The board of directors of the city hospital may contract with the hospital board of the county hospital to provide for the manner of allocation of revenues and expenditures and the administration of the hospitals. Records must reflect the separate ownership, financial obligations, and existence of the city hospital and the county hospital.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-45**

##### **Governing board; rights and powers; sale and lease of real property**

Sec. 45. (a) The governing board has the same rights and powers as the hospital board of a county hospital under IC 16-22-2, except when those rights and powers are in conflict with the rights and powers granted to a city hospital under this chapter. However, a city hospital and the hospital's board of directors do not have authority to act inconsistently with the nature of the city hospital as a body of city government.

(b) The governing board may sell or lease real property to others by taking the same steps and procedures that the city served by the city hospital is required to take to sell or lease real property, except to the extent that this subsection conflicts with another statute authorizing the sale or lease of real property.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-46**

##### **Sale of real property; trust bids; lease of real and personal property; loans**

Sec. 46. (a) This section applies to the sale of real property by the governing board.

(b) If real property is sold by acceptance of bids, a bid submitted for the property by a trust (as defined in IC 30-4-1-1(a)) must identify the following:

- (1) Each beneficiary of the trust.
- (2) Each settlor empowered to revoke or modify the trust.

(c) The governing board may lease from others real or personal property, with or without an option to purchase, on terms and

conditions and for times the board of directors considers reasonable.

(d) The governing board may borrow money and may secure the loan by a pledge of amounts from the cumulative building fund or other security. The loan may be made for a term of up to twenty (20) years.

*As added by P.L.2-1993, SEC.6.*

#### **IC 16-23-1-47**

##### **Board of directors; authority and powers; direct financial subsidies**

Sec. 47. (a) The board of directors has the authority and powers granted to boards of nonprofit corporations under IC 23-17, including the powers to do the following:

- (1) Enter shared service agreements and other cooperative ventures.
- (2) Join or sponsor memberships in organizations and associations that benefit the hospital.
- (3) Incorporate other corporations.
- (4) Allow members of the board or officers or administrators of the hospital to serve as directors of the following:
  - (A) Organizations or associations that benefit the hospital.
  - (B) Partnerships, limited liability companies, or other corporations.
  - (C) Shared service agreements and other cooperative ventures.
- (5) Offer to the general public, directly or indirectly, products and services of any entity created under this subsection.
- (6) Sue and be sued in the board's own name.
- (7) Enter into contracts.
- (8) Perform all other duties and exercise all other powers prescribed by law.

(b) The existence of authority or power under subsection (a) shall be determined in favor of the hospital if generally authorized or existing under IC 23-17. A resolution of the board of directors is presumptive evidence of a power.

(c) If a county or city fiscal body provides a direct financial subsidy to a hospital from a tax levy at the time a hospital exercises the hospital's powers under subsection (a), the hospital may not provide the funds from a tax levy to an entity created under subsection (a) for more than three (3) years. After three (3) years, all money, with interest, must be repaid in not more than ten (10) years.

*As added by P.L.2-1993, SEC.6. Amended by P.L.8-1993, SEC.251.*