

## **IC 16-22-3**

### **Chapter 3. Powers of Hospital Governing Boards**

#### **IC 16-22-3-1**

##### **General powers and responsibilities**

Sec. 1. (a) The governing board is the supreme authority in a hospital and is responsible for the management, control, and operation of the hospital. The board has the powers and duties set forth in this chapter.

(b) The governing board has the powers granted to boards of nonprofit corporations under IC 23-17, including the powers to:

- (1) join or sponsor membership in organizations and associations that benefit hospitals;
- (2) enter into partnerships and joint ventures;
- (3) incorporate other corporations; and
- (4) offer to the general public products and services of any organization, association, partnership, or corporation described under this subsection;

except to the extent the powers are inconsistent with this article or are specifically prohibited by law.

(c) In construing subsection (b), the existence of the authority or a power shall be determined in favor of the hospital if generally authorized or existing under IC 23-17. A resolution of the governing board is presumptive evidence of the existence of the hospital's power under IC 23-17.

(d) The governing board may appoint and specify the privileges of the medical staff, with the advice and recommendations of the medical staff in accordance with section 9 of this chapter. The medical staff is responsible to the board for the clinical and scientific work of the hospital and shall advise the board regarding professional problems and policies.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-2**

##### **Acquisition of real and personal property for hospital purposes**

Sec. 2. (a) The governing board may purchase, construct, remodel, repair, enlarge, or acquire buildings and real or personal property for hospital purposes, upon terms and conditions acceptable to the board.

(b) The governing board may use hospital funds if adequate provision is made for working capital and other known and anticipated hospital needs.

*As added by P.L.2-1993, SEC.5. Amended by P.L.56-1995, SEC.6; P.L.91-2002, SEC.7 and P.L.100-2002, SEC.8.*

#### **IC 16-22-3-3**

##### **Lease of property**

Sec. 3. (a) The governing board may lease real or personal property, with or without an option to purchase, on reasonable terms

and conditions. If a lease agreement gives the hospital an option to purchase the property and if any part of the lease rental is to be applied on the purchase price if the option is exercised, the agreement shall be treated as a purchase and is subject to this chapter and other Indiana laws relating to purchases by county hospitals.

(b) The governing board may authorize the purchase or lease of a hospital building from the authority or an authority referred to in IC 5-1-16-1.

*As added by P.L.2-1993, SEC.5. Amended by P.L.43-1993, SEC.19.*

#### **IC 16-22-3-4**

##### **Equipment and supplies acquisitions**

Sec. 4. The governing board may purchase or acquire materials, services, equipment, and supplies required to operate and maintain the hospital at prices the board considers reasonable.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-5**

##### **Bids, proposals, or quotations submitted by trust**

Sec. 5. (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.5.*

#### **IC 16-22-3-6**

##### **Contracts for services**

Sec. 6. The governing board may contract for the following services on terms and conditions the governing board finds reasonable:

- (1) The services of consultants, architects, engineers, or other professionals, including shared services or purchasing organizations.
- (2) Services reasonably required to operate and maintain the hospital, including the management of the hospital.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-7**

##### **Claims**

Sec. 7. Claims against the hospital must be allowed and approved by the governing board before payment by the disbursing officer. However, the board may, subject to review and approval at the board's next regular meeting, authorize the following:

- (1) Compensation of hospital employees upon certification of payrolls by the executive director.
- (2) Payment of invoices for materials, services, equipment, and

supplies required for the operation and maintenance of the hospital upon certification by the executive director of the following:

(A) The invoices are true and correct.

(B) The items were ordered and received by the hospital.

The claim or invoice furnished by the supplier need not contain the certificate provided for in IC 5-11-10-1.

*As added by P.L.2-1993, SEC.5.*

### **IC 16-22-3-8**

#### **Executive director**

Sec. 8. The governing board shall appoint an executive director as the administrative head of the hospital. The executive director:

(1) is the executive agent of the board in the administration of the board's policies;

(2) is the liaison officer between the board and the medical staff;

(3) shall employ hospital personnel; and

(4) has the other powers and duties delegated to the executive director by the board or specifically assigned to the executive director in this article.

*As added by P.L.2-1993, SEC.5.*

### **IC 16-22-3-9**

#### **Medical staff appointment; eligibility; standards and rules; staff self-government**

Sec. 9. (a) The governing board may determine appointments and reappointments to the medical staff and delineate privileges of the members of the medical staff.

(b) All licensed physicians are eligible for membership on the medical staff of the hospital, but the board may establish and enforce reasonable standards and rules concerning the qualifications for the following:

(1) Admission to the medical staff.

(2) Practice in the hospital.

(3) Retention of membership.

(4) The granting of medical staff privileges within the hospital.

(c) The standards and rules described in subsection (b) may not discriminate against a licensed physician of any school of medicine but may, in the interest of good patient care, consider the applicant's postgraduate medical education, training, experience, and other facts concerning the applicant that may affect the physician's professional competence. The rules may include a requirement for the following:

(1) The submission of proof that a medical staff member has qualified as a health care provider under IC 16-18-2-163.

(2) The performance of patient care and related duties in a manner that is not disruptive to the delivery of quality medical care in the hospital setting.

(3) Standards of quality medical care that recognize the efficient and effective utilization of hospital resources as developed by

the medical staff.

(d) The medical staff shall originate and the board must approve bylaws and rules for self-government. The bylaws must provide for a hearing for a physician whose medical staff membership the medical staff has recommended for termination.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-10**

##### **Personnel; compensation; policies**

Sec. 10. Upon the recommendation of the executive director, a governing board shall do the following:

- (1) Fix the compensation, including incentives for productivity, of all hospital employees.
- (2) Adopt personnel and management policies consistent with the governing boards of other hospitals in Indiana.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-11**

##### **Permissible personnel programs and policies**

Sec. 11. A governing board may do the following:

- (1) Adopt an employee benefit program that may include a vacation policy and employee discounts.
- (2) Authorize expenditure of hospital funds for payment of advertising and placement fees for personnel and physicians.
- (3) Expend hospital funds in an amount not to exceed one-half percent (0.5%) of hospital revenues for the preceding calendar year for a program that directly contributes to the productivity or morale of personnel, volunteers, or physicians. However, this subdivision does not apply to:
  - (A) an employee benefit program under subdivision (1); or
  - (B) an employee compensation arrangement, including a productivity bonus.
- (4) Adopt a plan that provides for hospital employee sickness or accident disability and contract for and purchase insurance plans from an insurance company licensed to transact business in Indiana.
- (5) Contract for and purchase adequate pension and retirement plans for hospital personnel from the Indiana public retirement system or from any company authorized to do such business in Indiana.
- (6) Enter into deferred compensation agreements with employees and other contractual personnel and fund deferred obligations by contracting with insurance companies licensed to transact business in Indiana.
- (7) Expend hospital funds to pay dues of the executive director and department heads for memberships in local, state, or national hospital or professional associations or organizations that the board determines are of direct benefit to the hospital.
- (8) Establish and operate employee registries for part-time or

temporary hospital employees.

(9) Pay a part or all of the costs of these plans out of hospital funds.

(10) Expend hospital funds for reasonable expenses incurred by persons and their spouses who are interviewed for employment or for medical staff appointment and for reasonable moving expenses for the persons and their spouses if employed or appointed to the hospital medical staff.

(11) Expend hospital funds, advance tuition payments, or establish a tuition refund program for the education or professional improvement of nurses and other professional or technical employees of the hospital for inservice training and attending seminars or other special courses of instruction when the board determines that the expenditures directly benefit the hospital.

(12) Conduct business in a state adjacent to Indiana.

*As added by P.L.2-1993, SEC.5. Amended by P.L.56-1995, SEC.7; P.L.35-1997, SEC.6; P.L.35-2012, SEC.100.*

### **IC 16-22-3-12**

#### **Hospital financial records; annual report**

Sec. 12. (a) The state board of accounts:

(1) shall approve or prescribe the manner in which the hospital records are kept;

(2) except as provided in subsection (c), shall audit the records of the hospital; and

(3) may approve forms for use by all hospitals or groups of hospitals.

(b) The governing board may use the calendar year or a fiscal year for maintaining hospital financial records. A hospital that receives a financial subsidy from the county for hospital operations, excluding mental health or ambulance services, during the preceding calendar or fiscal year must file with the county executive and the county fiscal body an annual report showing the income and expenses of the operating fund for the preceding calendar or fiscal year by major classification according to the chart of accounts approved by the state board of accounts. If the hospital uses a calendar year for maintaining financial records, the report must be filed not later than the last Monday in March of each year. If the hospital uses a fiscal year for maintaining financial records, the report must be filed not later than ninety (90) days after the close of the fiscal year. The annual report shall be published one (1) time. Hospital financial records may be kept in hard copy, on microfilm, or via another data system acceptable to the state board of accounts.

(c) A hospital may elect to have an audit required under subsection (a) performed by an independent certified public accounting firm that is experienced in hospital matters. The audit report must be kept on file at the hospital and a copy must be provided to the state board of accounts. The audit engagement by a certified public accounting firm

must be performed pursuant to guidelines established by the state board of accounts.

(d) If a hospital elects to use an independent certified public accounting firm under subsection (c), the hospital shall provide written notice to the state board of accounts not less than one hundred eighty (180) days before the beginning of the hospital's fiscal year in which the hospital elects to be audited by an independent certified public accounting firm. For that hospital fiscal year, and each following fiscal year until the hospital terminates the hospital's use of an independent certified public accounting firm, the hospital shall use an independent certified public accounting firm under subsection (c). A hospital shall terminate its use of an independent certified public accounting firm under subsection (c) by providing written notice to the state board of accounts not less than one hundred eighty (180) days before the beginning of the hospital's fiscal year in which the hospital elects not to be audited by an independent certified public accounting firm. For that hospital fiscal year, and each following fiscal year until the hospital elects to use an independent certified public accounting firm as provided under this subsection, the hospital must be audited by the state board of accounts for purposes of section 12(a)(2) of this chapter. For any fiscal year in which the hospital does not use an independent certified public accounting firm under subsection (c), the hospital shall be audited by the state board of accounts.

*As added by P.L.2-1993, SEC.5. Amended by P.L.91-2002, SEC.8 and P.L.100-2002, SEC.9.*

### **IC 16-22-3-13**

#### **Patient charges; building and improvement funds**

Sec. 13. (a) The governing board shall establish reasonable charges for patient care and other hospital services for the residents of the county and may provide patient care and other hospital services to nonresidents of the county upon terms and conditions the board establishes by rule.

(b) The governing board may give appropriate discounts of charges to patients.

(c) In establishing charges, the governing board may include a reasonable charge for depreciation and obsolescence of property, plant, and equipment.

(d) The board may periodically transfer all or part of the charges for depreciation and obsolescence to a fund to be used by and at the discretion of the board only for the purpose of building, remodeling, repairing, replacing, or making additions to the hospital building or buildings. However, in any year in which there is a tax levy for the general operation and maintenance of the hospital, the board shall not make a transfer to the fund. In an emergency, the board may borrow from the fund for the operating fund of the hospital and shall reimburse the fund within two (2) years.

(e) The authority granted to establish the fund does not limit the

power and authority of the board, the county executive, the county fiscal body, or other units of government to finance hospital buildings by other methods.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-14**

##### **Hospital funds; authorized transfers**

Sec. 14. (a) The governing board shall take, hold, disburse, and dispose of, for the benefit of the hospital, all real or personal property or other property that is a part of hospital funds in accordance with this article.

(b) The board may accept gifts, devises, bequests, or grants upon the conditions directed by the donor if the conditions are not contrary to law. However, if the hospital was constructed by a county building authority under IC 36-9-13, the powers of the board do not include those powers vested by IC 36-9-13 in the building authority.

(c) The board may transfer a part of the hospital funds to a nonprofit corporation organized under IC 23-7-1.1 (before its repeal on August 1, 1991) or IC 23-17 that is:

- (1) a hospital foundation organized and operated for the exclusive benefit of the hospital; or
- (2) a related or controlled entity;

if adequate provision is made for working capital and other known and anticipated hospital needs.

(d) If a transfer includes public funds of the hospital, the public funds transferred to the foundation or related or controlled entity may be audited by the state board of accounts unless:

- (1) the hospital foundation or related or controlled entity files annually with the treasurer of the hospital a copy of an audit report prepared by an independent certified public accountant; and
- (2) the audit report is on file at the hospital and is made available to the state board of accounts.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-15**

##### **Patient refunds fund**

Sec. 15. The governing board may establish a special fund for patient refunds in an amount not to exceed five thousand dollars (\$5,000) if the money is deposited in a checking account in a depository designated for the deposit of money of the hospital and checks are issued by the person designated by the board. The special funds are supplemental to those otherwise permitted by law.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-16**

##### **Deposit of funds**

Sec. 16. Money in the hospital funds shall be deposited in the manner determined by the governing board.

*As added by P.L.2-1993, SEC.5.*

**IC 16-22-3-17**

**Disposition and encumbrance of real and personal property; immunity from liability**

Sec. 17. (a) The governing board may mortgage all or part of an interest in real or personal property owned by the hospital and may enter into a sale and leaseback of hospital property on terms and conditions acceptable to the board.

(b) The following property may be disposed of on terms and conditions acceptable to the board:

- (1) Real or personal property subject to a mortgage or sale and leaseback arrangement.
- (2) Real or personal property in which the hospital has an ownership interest as a participant in an organization or activity described in section 1(b) of this chapter.
- (3) An arrangement in which at least two (2) hospitals participate for the provision of any hospital or related services, including participation or ownership as a tenant in common with other hospitals.

(c) Except as provided in subsection (b), real or personal property or an interest in real or personal property owned by the hospital may be disposed of as follows:

(1) Personal property:

(A) that has limited or no use to the hospital; and

(B) that:

- (i) has value not exceeding thirty thousand dollars (\$30,000); or
- (ii) is traded upon purchase of other personal property;

may be disposed of without the necessity of advertising, auctioning, or requesting bids.

(2) Real property that the board considers no longer necessary for hospital purposes shall be sold after the following occur:

(A) The property is appraised by three (3) disinterested owners of taxable real property of the county.

(B) The board publishes notice of the sale one (1) time at least seven (7) days before the date of the sale.

(C) The sale is approved by the commissioners.

The board shall determine the time, terms, and conditions of the sale of property.

(3) Personal property other than property described in subdivision (1) shall be sold at public auction. The board shall publish notice of the sale one (1) time at least seven (7) days before the date of the sale. If sealed bids are solicited in the published notice of the sale, the bids must be opened in public on the date and time of the sale to satisfy the public auction requirement.

Upon the sale of real property under this subsection and the payment of the purchase price, the board and the commissioners shall execute



a deed of conveyance to the purchaser. The proceeds of all sales are a part of the hospital funds to be held and used for the use and benefit of the hospital.

(d) If a trust (as defined in IC 30-4-1-1(a)) submits a bid in a sale or lease conducted under subsection (b), (c), or (e), the bid must identify each:

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

(e) If it is determined by the board, the county executive, and the county fiscal body, by joint resolution, that:

- (1) the hospital should cease doing business as a county hospital;
- (2) the hospital should be terminated and dissolved; and
- (3) the entire hospital building or buildings should be sold or leased to a for-profit corporation, partnership, or entity;

the proposed sale or lease shall be considered publicly, and the board, the county executive, and the county fiscal body shall follow the procedures of IC 16-22-6-18 concerning notice and hearing on the terms and provisions of the sale or lease. The terms and provisions of the sale or lease shall be determined by the board, the county executive, and the county fiscal body and shall be presented at a hearing as required by IC 16-22-6-18.

(f) An individual who is a:

- (1) board member in the member's capacity as a board member; or
- (2) member of:
  - (A) the county executive; or
  - (B) the county fiscal body;

is immune from potential or actual liability attributable to the individual with respect to a sale or lease under subsection (e).

(g) In the event of a sale or lease under this section, the county is not liable for:

- (1) any liabilities of the hospital that:
  - (A) were incurred on or before; or
  - (B) are incurred at any time after;the sale or lease date; or

(2) any future liabilities incurred by the successor entity; unless otherwise agreed to by the county at the time of the sale or lease in the sale or lease document. Any liabilities described in this subsection are the responsibility of the purchasing or leasing entity, unless agreed to otherwise in the sale or lease document.

(h) After the hearing on the proposed sale or lease, if it is determined by the board, the county executive, and the county fiscal body that the sale or lease should proceed, the hospital building or buildings shall be sold or leased in accordance with proposed terms and provisions.

(i) The board, the county executive, and the county fiscal body shall execute:

- (1) a deed of conveyance upon payment of the purchase price if

the buildings are sold; or

(2) a lease upon terms the board, the county executive, and the county fiscal body consider reasonable if the buildings are leased.

(j) The proceeds of the sale or lease of all of the hospital buildings must first be applied to outstanding indebtedness attributable to the hospital buildings. The commissioners shall deposit the balance of the proceeds from the sale or lease and any property in the hospital fund in:

(1) a nonexpendable interest bearing trust fund from which claims are paid for county hospital claims for the indigent or any other fund that the county executive and county fiscal body designate; or

(2) the county general fund.

*As added by P.L.2-1993, SEC.5. Amended by P.L.35-1997, SEC.7; P.L.231-1999, SEC.13; P.L.80-2011, SEC.8.*

### **IC 16-22-3-18**

#### **Transfer of assets to nonprofit corporation or related hospital entity; immunity from liability**

Sec. 18. (a) If the board, the county executive, and the county fiscal body determine that the community the hospital serves can best be provided with hospital services through management, enlargement, remodeling, or renovation of the hospital by a nonprofit hospital corporation, the board, the county executive, and the county fiscal body may agree by joint resolution, and after following the procedures of IC 16-22-6-18 concerning notice and hearing, to transfer all of the assets of the hospital to a nonprofit corporation.

(b) The transfer of the hospital assets to the nonprofit corporation must be on terms and conditions and for consideration as appears reasonable. The transfer agreement must require the nonprofit corporation to assume and agree to pay any indebtedness attributable to the hospital buildings. The size, composition, and qualifications of the membership and the board of directors of the nonprofit corporation must be set forth in the corporation's articles of incorporation.

(c) An individual who is a:

(1) board member, in the member's capacity as a board member; or

(2) member of:

(A) the county executive; or

(B) the county fiscal body;

is immune from potential or actual liability attributable to the individual with respect to a transfer under subsection (b).

(d) In the event of a transfer under this section, the county is not liable for:

(1) any liabilities of the hospital that:

(A) were incurred on or before; or

(B) are incurred at any time after;

the transfer date; or

(2) any future liabilities incurred by the successor entity; unless otherwise agreed to by the county at the time of the transfer in the transfer document. Any liabilities described in this subsection are the responsibility of the entity to which the assets were transferred, unless agreed to otherwise in the transfer document.

(e) The board, the county executive, and the county fiscal body shall execute a deed of conveyance and other documents necessary to transfer the assets of the hospital to the nonprofit corporation. The county executive shall deposit the proceeds from the transfer in:

(1) a nonexpendable interest bearing trust fund from which claims are paid for county hospital claims for the indigent or any other fund that the county executive and county fiscal body designate; or

(2) the county general fund.

(f) If the nonprofit corporation described in this section ceases doing business, is terminated, or is dissolved, funds or property remaining after payment of all lawful debts become the property of the county. A provision to this effect must be included in the articles of incorporation of the nonprofit corporation and may not be amended or deleted without the written approval of the commissioners.

(g) The board may sell, convey, or otherwise transfer real or personal property from the hospital to an entity related to or controlled by the hospital for constructing buildings on behalf of the hospital. The transfer is not subject to the notice and appraisal requirements under this section. The board may make the transfer upon terms and conditions the board considers appropriate. The board shall issue a deed of conveyance to the transferee.

*As added by P.L.2-1993, SEC.5. Amended by P.L.35-1997, SEC.8.*

### **IC 16-22-3-18.5**

#### **Conveyance of real or personal property to state authority for lease back to hospital**

Sec. 18.5. (a) Notwithstanding any requirement or restriction in this chapter on the transfer of real or personal property of the hospital, this section applies if the board determines to obtain financing for capital improvements through the state authority.

(b) The board may convey real or personal property of the hospital by sale or lease to the state authority for lease back to the hospital from the state authority.

*As added by P.L.43-1993, SEC.13.*

### **IC 16-22-3-19**

#### **Medical care trust board**

Sec. 19. (a) This section applies to a medical care trust board appointed by a county executive to govern a nonexpendable trust fund established under section 17(j) or 18(e) of this chapter.

(b) The county executive may adopt an ordinance providing that

the medical care trust board is subject to this section.

(c) After the effective date of an ordinance adopted under subsection (b), the medical care trust board may do the following:

(1) Approve and the treasurer may disburse payment of a claim against the trust for payment of hospital and medical services provided to an indigent person and reasonable administrative expenses, without the necessity of filing a claim with the county auditor for approval by the county executive.

(2) Invest the funds of the trust:

(A) in accordance with IC 5-13-9 and guidelines adopted by the board under IC 5-13-9-1; and

(B) without being subject to guidelines adopted by the county executive under IC 5-13-9-1.

*As added by P.L.2-1993, SEC.5. Amended by P.L.35-1997, SEC.9.*

### **IC 16-22-3-20**

#### **Investment of hospital funds**

Sec. 20. (a) As used in this section, "financial institution" has the meaning set forth in IC 5-13-4-10.

(b) The board may invest money in the hospital funds within the county or the state as the board determines. The money may be invested in the following:

(1) Any account paying interest and subject to withdrawal by negotiable orders of withdrawal, unlimited as to amount or number (NOW accounts).

(2) Passbook savings accounts.

(3) Certificates of deposit.

(4) Money market deposit accounts.

(5) Any interest bearing account that is authorized to be set up and offered by a financial institution or brokerage firm registered and authorized to do business in Indiana.

(6) Repurchase or resale agreements involving the purchase and guaranteed resale of any interest bearing obligations issued or fully insured or guaranteed by the United States or any United States government agency in which type of agreement the amount of money must be fully collateralized by interest bearing obligations as determined by the current market value computed on the day the agreement is effective.

(7) Mutual funds offered by a financial institution or brokerage firm registered and authorized to do business in Indiana.

(8) Securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

(9) Pooled fund investments for participating hospitals offered, managed, and administered by a financial institution or brokerage firm registered or authorized to do business in Indiana.

This subsection does not prevent the board from using money in the hospital funds to capitalize projects undertaken under section 1(b)

and 1(c) of this chapter.

(c) Any interest derived from an investment under subsection (b) becomes a part of the hospital funds invested. Interest derived from the investment of money raised by bonded or other indebtedness in excess of funds needed for hospital buildings may be applied by the governing board to the appropriate bond redemption, interest, or sinking fund.

*As added by P.L.2-1993, SEC.5.*

### **IC 16-22-3-21**

#### **Insurance**

Sec. 21. (a) The governing board may contract for and purchase, for the protection of the hospital, all types of insurance provided for in the Indiana insurance law in amounts and under terms and conditions the board considers reasonable and necessary. The insurance may include liability or malpractice coverage for the members of the board, the officers, employees, volunteers, and members of medical staff committees while performing services for the hospital. The board may, for the purpose of acquiring malpractice coverage, assist in the formation of a nonassessable mutual insurance company under IC 27-1-6 and IC 27-1-7-19.

(b) 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 16-23.

*As added by P.L.2-1993, SEC.5. Amended by P.L.91-2002, SEC.9 and P.L.100-2002, SEC.10.*

### **IC 16-22-3-22**

#### **Leases**

Sec. 22. (a) The governing board may lease a part of the hospital buildings if the board determines that the use of the leased premises will aid the hospital in the performance of the hospital's services. A lease must:

(1) be in writing;

(2) be for definite periods; and

(3) require payment of lease rentals at least monthly.

(b) If the board enters into a lease or sublease contract with the state authority, the board may pledge as security for payment under the contract the funds that the governing board receives from a tax levy under section 27 of this chapter.

*As added by P.L.2-1993, SEC.5. Amended by P.L.43-1993, SEC.14.*

### **IC 16-22-3-23**

#### **Related facilities and services**

Sec. 23. The governing board may do the following:

- (1) Permit the hospital to provide services for the mentally disordered under IC 12-29 and may limit the services to short term care.
- (2) Contract for or establish and maintain a training school for nurses and for paramedical personnel, with a curriculum that conforms to the requirements of the Indiana state board of nursing or other appropriate board.
- (3) Acquire suitable facilities for housing graduate and student nurses in training or employed by the hospital.
- (4) Provide suitable facilities for the temporary detention and examination of persons whose sanity is being officially inquired into preparatory to admission to hospitals for the insane.

However, a person known to be dangerously insane or who has been adjudged insane shall not be confined in or about the hospital unless specific facilities necessary for the temporary confinement of these patients, separate and apart from the other patients, have been provided in the hospital.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-24**

##### **Legal status of board**

Sec. 24. The board is a body corporate and politic with the style of "The Board of Trustees of \_\_\_\_\_ Hospital", to include the full name of the hospital. In that name and capacity, the board may do the following:

- (1) Sue and be sued and plead and be impleaded but all actions against the board must be brought in the circuit or superior courts of the county in which the hospital is located.
- (2) Possess the real and personal property of the hospital and the hospital funds in the hospital's corporate name for the hospital's use and benefit.
- (3) Exercise the other powers, duties, and responsibilities set forth in this article.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-25**

##### **Eminent domain powers**

Sec. 25. If the governing board and the owners of real property needed for hospital purposes cannot agree on the price to be paid for the real property, the board may report the facts to the commissioners who have the power of eminent domain, and condemnation proceedings shall be instituted by the county executive and prosecuted in the name of the county where the hospital is located or to be located by an attorney representing the county.

*As added by P.L.2-1993, SEC.5.*

#### **IC 16-22-3-26**

##### **Loans; sale or factor of accounts receivable; federal loans or guaranties**

Sec. 26. (a) The governing board may obtain loans for hospital expenses in amounts and on terms and conditions agreeable to the board and may secure the loans by pledging accounts receivable or other security in hospital funds. If the board enters into a loan agreement for the borrowing of funds from the state authority, the board may pledge as security for payment under the agreement the funds the board receives from a tax levy under section 27 of this chapter.

(b) The board may sell or factor accounts receivable on terms and conditions agreeable to the board.

(c) A county, city, or health and hospital corporation owning and maintaining or leasing at least one (1) hospital or related facilities, a county hospital association under IC 16-22-6, and a building authority under IC 36-9-13 may enter into an agreement with the United States or a department, an agency, or an instrumentality of the United States with respect to loans or guaranties for hospital or related purposes and may borrow money on the terms and conditions of the agreement.

(d) The loans may be:

(1) evidenced by bonds, notes, contractual agreements, or other evidences of indebtedness;

(2) secured in whole or in part by:

(A) pledge of the full faith and credit as a general obligation of the borrower;

(B) the income and revenues of the hospital or related facilities;

(C) rental from the lease of hospital facilities; or

(D) any combination of clauses (A) through (C); and

(3) additionally secured by a mortgage or deed of trust of all or part of the real or personal property, or both, of the hospital.

(e) Bonds, notes, or other evidences of indebtedness issued in connection with a federal loan under this section may be sold and delivered at private sale without the necessity of public sale or public offering.

*As added by P.L.2-1993, SEC.5. Amended by P.L.43-1993, SEC.15.*

### **IC 16-22-3-27**

#### **Tax levy support of hospital**

Sec. 27. (a) The governing board may request support from the county, either by appropriation from the county general fund or by a separate tax levy, by filing with the county executive on or before August 1 a written budget of the amount estimated to be required to maintain, operate, or improve the hospital for the ensuing year.

(b) If the county provides a direct financial subsidy to a hospital from a tax levy at the time the board exercises the powers under section 1(b) of this chapter, the board may not provide the funds from a tax levy to an entity created under section 1(b) of this chapter for more than three (3) years. After three (3) years, all funds, with interest, must be repaid within ten (10) years.

(c) If the board enters into a lease or sublease contract or a loan agreement with the state authority, the board may request the county to adopt a separate tax levy to support the board's obligation to make payments under that contract or agreement.

*As added by P.L.2-1993, SEC.5. Amended by P.L.43-1993, SEC.16.*

### **IC 16-22-3-27.5**

#### **Payment of lease or loan from taxes**

Sec. 27.5. (a) This section applies in a county when:

- (1) the board has authorized the hospital to enter into a lease or sublease contract or a loan agreement with the state authority under this chapter; and
- (2) the lease or sublease contract or the loan agreement provides that a portion of the lease or loan payment is to be paid from taxes.

(b) The county council or the city-county council in the case of a county with a consolidated city shall annually levy a tax that is sufficient to produce each year along with other available funds an amount that is sufficient to pay the portion of the lease or loan payment that is required to be paid from taxes.

(c) The board shall transfer the following to a fund to be used to pay the portion of the lease or loan payment that is not required to be paid from taxes:

- (1) Any net revenue of the hospital that is required to be used for the lease or loan payment.
- (2) Any net revenue of the hospital that is required to be retained as a reserve for a purpose that the board determines if the board determines that the money is not needed in reserve for additional construction, equipment, betterment, maintenance, or operation.

(d) In fixing and determining the levy that is necessary for the lease or loan payment that is payable from taxes, the county council shall consider the amounts that have been transferred from the net revenues of the hospital under subsection (c).

(e) If funds other than taxes are not available to pay the portion of the lease or loan payment that is required to come from taxes, a county is not relieved from the county's obligation to pay from taxes any lease or loan payment that is payable from taxes.

(f) The tax levy provided in this section is reviewable in the manner that other tax levies are reviewable to ascertain that the levy is sufficient to produce the amount of the lease or loan payment that is required to be paid from taxes.

(g) One-half (1/2) of the annual lease or loan payment shall be paid semiannually to the state authority after the semiannual settlement of tax collections.

*As added by P.L.43-1993, SEC.17. Amended by P.L.56-1995, SEC.8.*

### **IC 16-22-3-28**

#### **Other powers of board**



Sec. 28. (a) The governing board may enter into agreements with credit card companies or organizations authorized to do business in Indiana and may accept credit card payments from patients for services provided.

(b) The board may, in the establishment and maintenance of hospital records, use automated data processing systems and purchase, lease, operate, or contract for the use of automated data processing equipment subject to section 6 of this chapter and section 22 of this chapter.

(c) 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)).

(d) 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 (c).

(e) 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, such as 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.5. Amended by P.L.35-1997, SEC.10; P.L.91-2002, SEC.10 and P.L.100-2002, SEC.11.*

### **IC 16-22-3-29**

#### **Safekeeping of patient valuables**

Sec. 29. (a) The governing board may establish a policy with regard to providing a place for the safekeeping of valuable personal property of patients. The patients or the responsible relatives of the patients shall be notified by posting a notice in a public and conspicuous place or manner at the admitting desk or office in the hospital that a place is provided.

(b) If the valuable personal property is not delivered to the person in charge of the place for deposit, the hospital and the hospital's officers, agents, or employees are not liable for any loss or damage to the property, unless an emergency admission occurs and the patient is unable to deliver the valuable personal property to the place for deposit and no responsible relative is present.

(c) If the personal property is delivered for safekeeping to the

person in charge of the office for deposit, the hospital is not liable for loss or damage to the property from any cause in an amount exceeding six hundred dollars (\$600), even if the property is of greater value.

*As added by P.L.2-1993, SEC.5.*

**IC 16-22-3-30**

**Liberal construction of board powers**

Sec. 30. The powers of the board described in this chapter shall be liberally construed to effect the purposes of this article and to enable the hospital to be maintained and operated as a first class hospital.

*As added by P.L.2-1993, SEC.5.*