

Changes to the Enabling Act: Process for a Lease or Sale

Prepared for:
Highlands County
Hospital District

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AUGUST 2026

Purpose of the Legislation

- Chapter 2026-220, Laws of Florida (CS/HB 4087) — effective June 10, 2026
 - Amends the District's charter: Section 35 (lease or management agreement) rewritten; Sections 37 (sale) and 38 (construction) added
- Sets a defined process before any lease, management agreement or sale
 - Built on the framework of section 155.40, Florida Statutes, the general law for the sale or lease of a district hospital
 - Tailored to the District's charter and the specific needs of the Highlands County community
 - Under Section 38, the act supersedes and preempts section 155.40 to the extent necessary to carry out its purpose
- Prioritizes public notice and public input at each stage
 - A publicly noticed meeting at which the public may testify before the Board proceeds
 - The evaluation and all documents the Board considers posted on the District website
 - A 30-calendar-day posting period, with a means for written public comment, before any vote
 - Any interested party may seek judicial review of whether the Board followed the process
- No changes to the distribution of surplus funds or proceeds.

Lease or Management Agreement: Process

1

Board vote to begin. A majority of the members present and voting elects to evaluate leasing the entirety of the District's assets.

2

Independent evaluation. An outside firm with at least 5 years of comparable experience values the assets and certifies its findings.

3

Public meeting and posting. Noticed meeting at which the public may testify; the evaluation and all documents considered go on the District website.

4

Solicit qualified lessees. Advertise the meeting or an offer to accept proposals; Board members disclose any conflicts of interest.

5

30-day comment, then vote. Materials posted 30 days with a means for written comment; the Board votes and issues detailed written findings.

Lease or Management Agreement: Findings and Terms

- The Board's findings must detail all reasons for accepting a proposal
 - Parties, hospital and related facility locations, and the terms of all proposed agreements
 - A copy of the lease or management agreement, the evaluation and any other valuation
 - Estimated total value, estimated fair market value and the proposed lease price
 - Copies of all other proposals and bids the Board received or considered
 - If the accepted bid is below fair market value, a detailed explanation of how the public is still best served
- Every agreement must
 - Make the articles of incorporation subject to Board approval; a not-for-profit must qualify under 501(c)(3)
 - Provide for an orderly transition, including a change of ownership under s. 408.807, F.S., if applicable
 - Commit enforceably to continue programs, services and quality care for the public of the District — particularly the indigent, uninsured and underinsured
- Judicial review
 - An interested party may seek circuit court review, limited solely to whether the Board followed these procedures; the court assigns costs equitably

Sale of the Hospital: Additional Requirements

- Section 37 tracks the lease process step for step — and adds requirements reflecting the permanence of a sale
- A broader evaluation
 - An objective operating comparison to similarly situated not-for-profit and for-profit hospitals with a comparable service mix, using AHCA data, operator data and CMS Core Measures
 - Whether there is a net benefit to the community to operate as a not-for-profit or for-profit entity and to use the sale proceeds as provided in Section 36
- A stronger commitment to the community
 - Care continues for all residents of the District — particularly the indigent, uninsured and underinsured — in perpetuity so long as the acquiring entity operates
- Filing with the state and dissolution of the District
 - The agreement is filed with the Department of Commerce within 10 days of closing or change-of-ownership approval
 - The Board notifies the Department within 30 days of the completed sale; the District dissolves 30 days after that notice is received
- Proceeds, and if there is no sale
 - Residual proceeds are surplus funds used as provided in Section 36; if the Board does not approve a sale, the District continues to exist

Exemptions from the Process

- Two categories of lease or management agreement are not subject to
 - A lease entered into before the act's effective date that is later modified, extended or renewed — § 35(10)(a)
 - A lease or management agreement with a term of 10 years or less entered into so the Board may work through the § 35(5)–(9) process — § 35(10)(b)
- There is no parallel exemption for a sale
 - Section 37 applies in full to any sale of the District's assets

Overview of Hospital Districts in Florida

**Prepared for:
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AUGUST 14, 2026

There are 27 Hospital Districts in the State of Florida.

- Baker County Hospital District
- Bay Medical Center
- Cape Canaveral Hospital District
- Citrus County Hospital Board
- DeSoto County Hospital District
- Doctors Memorial Hospital
- Gadsden County Hospital
- George E. Weems Memorial Hospital
- Halifax Hospital Medical Center
- Hamilton County Memorial Hospital
- Health Care District of Palm Beach County
- Hendry County Hospital Authority
- Highlands County Hospital District
- Hillsborough County Hospital Authority
- Indian River County Hospital District
- Jackson County Hospital District
- Lake Shore Hospital Authority
- Lower Florida Keys Hospital District
- Madison County Health and Hospital District
- Marion County Hospital District
- North Brevard County Hospital District
- North Broward Hospital District
- Sarasota County Public Hospital District
- South Broward Hospital District
- Southeast Volusia Hospital District
- West Orange Healthcare District
- West Volusia Hospital Authority

12/27 of Florida's Hospital Districts have arrangements with outside organizations to assist with its operation.

Summary of Entities with and without arrangements

Entity		Arrangement (Y)(N)
Entities with Arrangements		
1	Bay Medical Center	Yes
2	Cape Canaveral Hospital District	Yes
3	Citrus County Hospital Board	Yes
4	Doctors Memorial Hospital	Yes
5	Gadsden County Hospital	Yes
6	Health Care District of Palm Beach County	Yes
7	Highlands County Hospital District	Yes
8	Hillsborough County Hospital Authority	Yes
9	Indian River County Hospital District	Yes
10	Lower Florida Keys Hospital District	Yes
11	Marion County Hospital District	Yes
12	Southeast Volusia Hospital District	Yes
Entities without Arrangements		
1	Baker County Hospital District	No
2	DeSoto County Hospital District	No
3	George E. Weems Memorial Hospital	No
4	Halifax Hospital Medical Center	No
5	Hamilton County Memorial Hospital	No
6	Hendry County Hospital Authority	No
7	Jackson County Hospital District	No
8	Lake Shore Hospital Authority	No*
9	Madison County Health and Hospital District	No
10	North Brevard County Hospital District	No
11	North Broward Hospital District	No
12	Sarasota County Public Hospital District	No
13	South Broward Hospital District	No
14	West Orange Healthcare District	No
15	West Volusia Hospital Authority	No**

* Lake Shore Hospital Authority previously leased to Shands Lake Shore Regional Medical Center.

** West Volusia Hospital Authority previously partnered with Adventist Health and Halifax Health, and currently only operates a medical clinic, not a hospital; such clinic is scheduled to close later this year.

Types of arrangements

- Lease (most common, 11/12)
 - Lease of hospital and related assets
 - See, e.g., Gadsden County, Lower Florida Keys Hospital District, Bay Medical Center, Southeast Volusia, etc.
- Management and Administrative Services Agreement (least common, 1/12)
 - Management of hospital operations; hospital continues to be “controlled” by the Hospital District
 - See, e.g., Healthcare District of Palm Beach County

Brief summary of available information with respect to arrangements

Entity		Arrangement (Y)(N)	If Yes - With Whom	Effective Date	Term
Entities with Arrangements					
1.	Bay Medical Center	Yes	Sacred Heart Health System, Inc. and LHP Hospital Group, Inc.	April 1, 2012	40 years, with the option to extend for two additional 10-year terms
2.	Cape Canaveral Hospital District	Yes	Health First, Inc.	Not available	Not available
3.	Citrus County Hospital Board	Yes	West Florida Division, Inc. (an affiliate of HCA Holdings, Inc.) and Citrus Memorial Hospital, Inc.	November 1, 2014	50 years
4.	Doctors Memorial Hospital	Yes	Tallahassee Memorial HealthCare, Inc.	June 30, 1979	43 years (ending September 30, 2022), subject to automatic renewal for additional one-year terms
5.	Gadsden County Hospital	Yes	Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center, an affiliate of HCA	February 24, 2020	15 years, subject to two automatic renewal terms of 5 years each
6.	Health Care District of Palm Beach County	Yes	Tampa General Hospital	February 1, 2025	5 years, subject to renewal terms of 5 years each
7.	Highlands County Hospital District	Yes	HCA Florida Highlands Hospital	January 1, 1995	22.5 years (ending July 31, 2027)
8.	Hillsborough County Hospital Authority	Yes	Florida Health Sciences Center to Tampa General Hospital	June 20, 1997	49 years, with the option to renew for an additional 49-year term
9.	Indian River County Hospital District	Yes	Cleveland Clinic Indian River Hospital	December 31, 2018	30 years (beginning January 1, 2019), subject to three automatic renewal terms of 15 years each
10.	Lower Florida Keys Hospital District	Yes	Key West HMA, Inc.	May 1, 1999	30 years
11.	Marion County Hospital District	Yes	Florida Hospital Ocala, Inc., an affiliate of Adventist Health System	Not available	Not available
12.	Southeast Volusia Hospital District	Yes	Southeast Volusia Healthcare Corporation, an affiliate of Adventist Health System	April 1, 2016	25 years, with the option to extend for two additional 25-year periods

Sales

- It is rare for a Hospital District to dispose of all of its assets in a sale.
- Exemplar/West Orange Healthcare District: In 2012, the West Orange Healthcare District sold Health Central Hospital to Orlando Health, Inc. The District was declared inactive in 2023.

Overview of Lease versus Sale comparison

1. Ease of Transaction	Lease
2. Immediate infusion of cash	Sale
3. Control over long term use of facility	Lease*
4. Ongoing cash flow to Hospital District	Lease
5. Dissolution of Hospital District	Sale
6. No direct/indirect interest with local hospital	Sale

* Sale could potentially have obligations placed on the new operator

Consideration of Property Taxes to County

- | | |
|--|------------------------|
| • Lease/sale to a for-profit health system | Property Taxes |
| • Lease/sale to a not for profit health system | No Property Taxes Paid |