CHAPTER 2026-220

Committee Substitute for House Bill No. 4087

An act relating to the Highlands County Hospital District; amending chapter 2004-458, Laws of Florida; providing requirements and duties of the Board of Commissioners of the Highlands County Hospital District before a lease or management agreement with not-for-profit or for-profit corporations; providing requirements for the agreement; providing applicability; authorizing the board to sell the entirety of the assets of the hospital to a not-for-profit or for-profit entity under certain circumstances; providing requirements and duties of the board before the sale; providing requirements for the sale agreement; requiring the hospital to file a copy of the sale agreement with the Department of Commerce; requiring the board to notify the department of the sale; providing for judicial reviews; providing for court costs; providing construction; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 35 of section 3 of chapter 2004-458, Laws of Florida, is amended, and sections 37 and 38 are added to that section, to read:

Section 3. The charter for the Highlands County Hospital District is re-created and reenacted to read:

Section 35. In order that citizens and residents of the district may receive quality health care, the board of commissioners may enter into contract with corporations, either <u>for-profit</u> ~~for profit~~ or <u>not-for-profit</u> ~~not for profit~~, duly authorized to do business in the state for the purpose of operating and managing such hospital and any or all of its facilities ~~of whatsoever kind and nature and enter into leases with such corporations for the operating of such facilities. The term of any such lease, contract, or agreement and the conditions, covenants, and agreements to be contained therein shall be determined by the board of commissioners~~.

<u>(1) Prior to entering into a lease or management agreement, the Board of Commissioners of the Highlands County Hospital District must elect, by a majority vote of the members present and voting, to commence an evaluation of the benefits to the public of the district, as described in Section 1, of leasing the entirety of the assets of the Highlands County Hospital District to a not-for-profit or for-profit entity to continue to provide health care services to the community if the board executes an agreement that meets the requirements of subsection (6) of this section. In evaluating the benefits of leasing the district assets, the board must find that the lease is in the best interests of the public of the district and must state the basis of that finding. To make that determination, the board shall:</u>

(a) Contract with an independent entity or entities that have at least 5 years of experience conducting comparable evaluations of hospital organizations similar in size and function to the hospital to conduct an evaluation of the benefits of leasing the district assets according to applicable industry practices. A study completed less than 2 years prior to the public notice under paragraph (b) of this subsection that meets all other requirements may be used for the purposes of this evaluation. The evaluation must also include the estimated fair market value, as defined in section 155.40(4), Florida Statutes, of the district assets and a statement signed by the chief executive officer or designee of the independent entity or entities conducting the evaluation that, based on his or her reasonable knowledge and belief, the content and conclusions of the evaluation are true and correct.

(b) Publish notice of and conduct a public meeting in accordance with section 189.015(1), Florida Statutes, to provide the public of the district with the opportunity to publicly testify regarding the lease or management agreement. The public notice must contain notice of where the public can find all documents related to the potential lease of the hospital.

(2) The board must publish on the hospital district website the evaluation, all documents considered by the board, and a statement signed by the chair of the board that, based on his or her reasonable knowledge and belief, the content of the evaluation is true and correct.

(3) If, upon completion of the evaluation of the benefits of a lease, the board elects to consider a lease or management agreement of the hospital in its entirety to a third party, the board must first determine whether there are any qualified lessees. In the process of evaluating any qualified lessee, the board shall:

(a) Publicly advertise the meeting at which the proposed lease will be considered by the board in accordance with section 286.0105, Florida Statutes; or

(b) Publicly advertise the offer to accept proposals in accordance with section 255.0525, Florida Statutes, and receive proposals from all qualified lessees.

(4) The members of the board must disclose all conflicts of interest as required by section 112.313, Florida Statutes, including, but not limited to, whether the lease or management agreement will result in a special private gain or loss to any member of the board. Conflicts of interest, if any, with respect to experts retained by the board shall also be disclosed.

(5) The evaluation, agreements, disclosures, and any other supporting documents related to the lease or management agreement of the hospital must be published on the hospital district website for 30 calendar days before the board may vote on the proposed agreement identified in subsection (6) of this section to lease the hospital to a not-for-profit or for-profit entity. The hospital district website must include a means by which a

person may submit written comments about the proposed transaction to the board.

(6) The board must determine, by a majority vote, whether the interests of the public of the district are best served by leasing to a not-for-profit or for-profit entity. The board must make a determination to accept a proposal for lease after consideration of all proposals received and negotiations with a qualified lessee or management entity. The board's determination must include, in writing, detailed findings of all reasons for accepting the proposal. If the accepted bid is less than the fair market value under subsection (1) of this section, the board shall provide a detailed explanation of how the best interests of the public of the district are served by the acceptance of less than the fair market value for the lease of the hospital. The board's findings must include the findings of all information and documents relevant to the board's determination, including, but not limited to:

(a) The names and addresses of all parties to the transaction.

(b) The location of the hospital and all related facilities.

(c) A description of the terms of all proposed agreements.

(d) A copy of the lease or management agreement and any related agreements.

(e)1. The estimated total value associated with the proposed agreement.

2. The estimated fair market value under subsection (1) of this section.

3. The proposed lease price.

(f) The evaluation as required in subsection (1) of this section and any other valuation prepared at the request of the board, lessee, or managing entity of the hospital.

(g) Copies of all other proposals and bids that the board may have received or considered in compliance with subsection (3) of this section.

(7) In a public meeting noticed as required pursuant to subsection (1) of this section, the board may approve, by a majority vote, of the lease of the hospital to an entity subject to the terms of a negotiated agreement. The agreement made pursuant hereto shall:

(a) Require that the articles of incorporation of the for-profit or not-for-profit corporation be subject to the approval of the board;

(b) Require that any not-for-profit corporation is qualified under s. 501(c)(3) of the United States Internal Revenue Code;

(c) Provide for the orderly transition of the operation and management of the facilities, including, but not limited to, a change of ownership as described in section 408.807, Florida Statutes, if applicable; and

(d) Provide that the leasing or managing entity has made an enforceable commitment that programs and services and quality health care will continue to be provided to the public of the district, particularly to the indigent, the uninsured, and the underinsured.

(8) Any interested party as defined in section 155.40(4), Florida Statutes, has the right to seek judicial review of the decision by the board relating to the lease of the hospital in the circuit court where the hospital is located. Judicial review is limited solely to consideration of whether the procedures contained within this section have been followed by the board.

(9) If an interested party contests the action by the board, the court will assign costs equitably to the parties.

(10) Leases or management agreements not subject to subsections (5)-(9) of this section are limited to:

(a) A lease entered into prior to the effective date of this act that is modified, extended, or renewed.

(b) A lease or management agreement for a term no greater than 10 years that is entered into so the board may undergo the process as outlined in subsections (5)-(9) of this section.

Section 37. (1) The Board of Commissioners of the Highlands County Hospital District may elect, by a majority vote of the members present and voting, to commence an evaluation of the benefits to the public of the district, as described in Section 1, of selling the entirety of the assets of the Highlands County Hospital District to a not-for-profit or for-profit entity to continue to provide health care services to the community if the board executes an agreement that meets the requirements of subsection (7) of this section. In evaluating the benefits of the sale, the board must find that the sale is in the best interest of the public of the district and must state the basis of that finding. To make that determination, the board shall contract with an independent entity or entities that have at least 5 years of experience conducting comparable evaluations of hospital organizations similar in size and function to the hospital to conduct an evaluation of the benefits of selling the district assets according to applicable industry practices. A study completed less than 2 years prior to the public notice under subsection (2) of this section that meets all other requirements may be used for the purposes of this evaluation. The evaluation must be based on the most currently available financial data and must include, but need not be limited to, all of the following:

(a) An objective operating comparison of the hospital to other similarly situated hospitals, both not-for-profit and for-profit, which have a similar service mix in order to determine where there is a difference in the cost of operation using, including, but not limited to, publicly available data provided by the Agency for Health Care Administration, data provided by the current operator of the hospital as requested by the board, and the quality metrics identified by the Centers for Medicare and Medicaid Services Core Measures.

(b) An assessment of whether there is a net benefit to the community to operate the hospital as a not-for-profit or for-profit entity and use the proceeds of the sale for the purposes described in section 36.

(c) An assessment of the fair market value, as defined in section 155.40(4), Florida Statutes, of the district assets.

(d) A statement signed by the chief executive officer or designee of the independent entity or entities conducting the evaluation that, based on his or her reasonable knowledge and belief, the content and conclusions of the evaluation are true and correct.

(2) The board must publish notice of and conduct a public meeting in accordance with section 189.015(1), Florida Statutes, to provide the public of the district with the opportunity to publicly testify regarding the sale. The public notice must contain notice of where the public can find all documents related to the potential sale of the hospital.

(3) The board must publish on the hospital district website the evaluation, all documents considered by the board, and a statement signed by the chair of the board that, based on his or her reasonable knowledge and belief, the content of the evaluation is true and correct.

(4) If, upon completion of the evaluation of the benefits of a sale, the board elects to consider a sale of the hospital in its entirety to a third party, the board must first determine whether there are any qualified purchasers. In the process of evaluating any qualified purchaser, the board shall:

(a) Publicly advertise the meeting at which the proposed sale will be considered by the board in accordance with section 286.0105, Florida Statutes; or

(b) Publicly advertise the offer to accept proposals in accordance with section 255.0525, Florida Statutes, and receive proposals from all qualified purchasers.

(5) The members of the board must disclose all conflicts of interest as required by section 112.313, Florida Statutes, including, but not limited to, whether the sale will result in a special private gain or loss to any member of the board. Conflicts of interest, if any, with respect to experts retained by the board shall also be disclosed.

(6) The evaluation, agreements, disclosures, and any other supporting documents related to the sale of the hospital must be published on the

hospital district website for 30 calendar days before the board may vote on the proposed agreement identified in subsection (8) of this section to sell the hospital to a not-for-profit or for-profit entity. The hospital district website must include a means by which a person may submit written comments about the proposed transaction to the board and obtain copies of the findings and documents required under subsections (1) and (7) of this section.

(7) The board must determine, by a majority vote, whether the interests of the public of the district are best served by selling to a not-for-profit or for-profit entity. The board must make a determination to accept a proposal for sale after consideration of all proposals received and negotiations with a qualified purchaser. The board's determination must include, in writing, detailed findings of all reasons for accepting the proposal. If the accepted bid is less than the fair market value under subsection (1) of this section, the board shall provide a detailed explanation of how the best interests of the public of the district are served by the acceptance of less than the fair market value for the purchase of the hospital. The board's findings must include the findings of all information and documents relevant to the board's determination, including, but not limited to:

(a) The names and addresses of all parties to the transaction.

(b) The location of the hospital and all related facilities.

(c) A description of the terms of all proposed agreements.

(d) A copy of the proposed sale and any related agreements.

(e)1. The estimated total value associated with the proposed agreement.

2. The estimated fair market value, as defined in section 155.40, Florida Statutes, associated with the proposed agreement.

3. The proposed acquisition price.

(f) The evaluation as required in subsection (1) of this section and any other valuation prepared at the request of the board, lessee, or managing entity of the hospital.

(g) Copies of all other proposals and bids that the board may have received or considered in compliance with subsection (3) of this section.

(8) In a public meeting noticed as required pursuant to subsection (1) of this section, the board may approve, by a majority vote, of the sale of the hospital to an entity subject to the terms of a negotiated agreement. The agreement made pursuant hereto shall:

(a) Require that the articles of incorporation of the for-profit or not-for-profit corporation be subject to the approval of the board;

(b) Require that any not-for-profit corporation is qualified under s. 501(c)(3) of the United States Internal Revenue Code;

(c) Provide for the orderly transition of the operation and management of the facilities, including, but not limited to, a change of ownership as described in section 408.807, Florida Statutes, if applicable; and

(d) Provide that the acquiring entity has made an enforceable commitment that programs and services and quality health care will continue to be provided to all residents of the district, particularly to the indigent, the uninsured, and the underinsured in perpetuity so long as the succeeding entity is in operation or, if otherwise agreed to, until the succeeding entity has otherwise met all obligations set forth in the agreement.

(9) If the board approves the sale, the hospital district shall file a copy of the agreement with the Department of Commerce no later than 10 calendar days after the later of:

(a) The approval of the change of ownership pursuant to section 408.807, Florida Statutes, if applicable; or

(b) The date of closing, if no change of license ownership is required.

(10) The residual proceeds of the sale are surplus funds and must be used in the same manner as described in Section 36.

(11) No later than 30 calendar days after the complete sale of the district's assets and liabilities, as described in section 155.40(21), Florida Statutes, the board shall notify the Department of Commerce of the sale. The Highlands County Hospital District shall be dissolved 30 calendar days following the receipt of the notice by the department.

(12) If the board fails to approve for any reason an agreement that would result in the sale of the hospital to a not-for-profit or for-profit entity that will continue to provide health care services for the county, the board shall continue to exist as the Highlands County Hospital District.

(13) Any interested party as defined in section 155.40(4), Florida Statutes, has the right to seek judicial review of the decision by the board to sell the district assets, including, but not limited to, the hospital, in the circuit court where the hospital is located. Judicial review is limited solely to consideration of whether the procedures contained within this section have been followed by the board.

(14) If an interested party contests the action by the board, the court will assign costs equitably to the parties.

Section 38. The provisions of this act shall be construed liberally in order to carry out its purpose effectively. Any of the enumerated powers herein shall not be construed as a limitation against any remaining powers but shall be construed as cumulative. To the extent necessary to fully effectuate the purpose of this act, the provisions hereof shall supersede and preempt the application of section 155.40, Florida Statutes, relating to the sale or lease of the hospital.

Section 2. This act shall take effect upon becoming a law.

Approved by the Governor June 10, 2026.

Filed in Office Secretary of State June 10, 2026.