

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7210**

**BILL NUMBER: HB 1259**

**DATE PREPARED: Jan 24, 2002**

**BILL AMENDED: Jan 23, 2002**

**SUBJECT:** Various Hospital Matters.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill removes political affiliation requirements to be appointed to the governing boards of county hospitals and certain municipal hospitals. It amends qualifications to be on the governing board of those hospitals. It allows a county hospital to have audits performed by certified public accountants. It also removes certain approval procedures required for a county hospital to operate another hospital or a building in a county that contains a hospital in a third class city. This bill allows certain municipal and county hospital boards to meet in executive session to discuss certain topics and to purchase group malpractice insurance together. This bill also updates population parameters to reflect changes in the 2000 decennial census.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** Under current law, county hospitals are required to be audited by the State Board of Accounts. This bill would allow county hospitals to have their audits conducted by a certified public accountant experienced in auditing hospitals. Due to the State Board of Account's backlog of audits, the agency would not experience an impact from this provision. The state agency charges \$45 per day for governmental unit audits.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** This bill also provides that county hospitals may purchase, in agreement with other county hospitals, group medical malpractice insurance. This provision could potentially result in a cost savings to the county hospitals, depending on their financial situations.

**State Agencies Affected:** State Board of Accounts.

**Local Agencies Affected:** County Hospital Governing Boards.

**Information Sources:** Mike Fiwek, State Board of Accounts, (317) 232-2514.