

## STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND NINETEEN

H.P. 1220 - L.D. 1708

**An Act To Provide for the Merger of Hospital Administrative District No. 4 into MRH Corp., a Maine Nonprofit, Nonstock Private Corporation**

**Emergency preamble.** Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

**Whereas**, the Legislature created Hospital Administrative District No. 4 by Private and Special Law 1973, chapter 76, in order to provide for the health, welfare and public benefit of the inhabitants of the district; and

**Whereas**, the district has determined that it is unable to continue to fulfill its purpose of providing for the health, welfare and public benefit of the inhabitants of the district unless it is affiliated with a strong, integrated health care system; and

**Whereas**, the district has decided that it would be in the best interest of the district to affiliate with Eastern Maine Healthcare Systems, doing business as Northern Light Health, because of its experience of successfully operating other critical access hospitals and the opportunity to create a network with other Eastern Maine Healthcare Systems' hospitals located in the Piscataquis region to continue and improve the delivery of high-quality health care to the inhabitants of the district and the entire Piscataquis region; and

**Whereas**, as authorized by the affirmative votes of their respective governing boards, the district and Eastern Maine Healthcare Systems have entered into an agreement and plan of merger dated March 19, 2019 setting forth the terms and conditions by which the district will merge into MRH Corp., a Maine nonprofit, nonstock private corporation having Eastern Maine Healthcare Systems as its sole member, as soon as reasonably practicable; and

**Whereas**, in advisory votes held during April 2019 at town meetings in 12 towns and at a town council meeting in one town comprising the district, 12 of the 13 towns, representing 97.4% of the population of the district, indicated their approval of the merger of the district; and

**Whereas,** it is in the public interest for the district to be able to merge into MRH Corp. as soon as practicable, as long as all conditions and the parties' respective obligations under the agreement and law are satisfied, to ensure the continuation of the provision for the health, welfare and public benefit of the inhabitants of the district; and

**Whereas,** in the judgment of the Legislature, this merger is in the public interest; and

**Whereas,** in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

**Be it enacted by the People of the State of Maine as follows:**

**Sec. 1. Merger of Hospital Administrative District No. 4 and Eastern Maine Healthcare Systems authorized.** Notwithstanding any provision of Private and Special Law 1973, chapter 76, as amended, Hospital Administrative District No. 4, as created by Private and Special Law 1973, chapter 76, referred to in this Act as "the district," is authorized to merge into MRH Corp., a nonprofit, nonstock private corporation having Eastern Maine Healthcare Systems as its sole member.

The merger is subject to the following.

1. Notwithstanding any provision of Private and Special Law 1973, chapter 76, as amended, and the Maine Revised Statutes, Title 13-B, section 901, subsection 1, except for the vote of the directors that occurred on March 19, 2019 and the advisory vote of the town inhabitants in April 2019, no vote of the district, any towns in the district or the inhabitants of either the district or towns in the district is required to authorize the merger;

2. The merger may occur only if, upon the effective date of the merger, all indebtedness of the district is paid or adequate provision for the payment of that indebtedness is made by the assumption of indebtedness of the district by MRH Corp., by defeasance of any outstanding bonds of the district or otherwise;

3. The merger may occur only if, upon the effective date of the merger, the responsibilities for all obligations and liabilities of the district, including liability stemming from the merger and related actions of the district, are transferred, merged and vested in MRH Corp.;

4. The legal effect of the merger must be the same as if the district were a Maine nonprofit corporation organized pursuant to and governed by the Maine Nonprofit Corporation Act;

5. The merger may occur only if the certificate of need process as outlined in the Maine Revised Statutes, Title 22, chapter 103-A is successfully completed; and

6. MRH Corp. takes all endowment funds held by the district subject to any restrictions on use applicable to those funds.

**Sec. 2. Effective date and effect of merger.** The merger takes effect after all of the conditions set forth in section 1 have been satisfied and all of the conditions set forth in the agreement and plan of merger dated March 19, 2019 have been satisfied or waived per the terms of the agreement and plan of merger and the articles of merger are filed with and accepted by the Secretary of State.

The following provisions apply on the effective date of the merger:

1. MRH Corp. is the single surviving corporation, Eastern Maine Healthcare Systems is MRH Corp.'s sole member and the district ceases to exist and operate;

2. MRH Corp. shall continue to serve the health care needs of the communities served by the district by offering a complement of clinical core services as described in the Section 6.7 and Schedule 6.7(a) of the merger agreement and plan of merger beginning on the effective date of the merger;

3. MRH Corp. has all the rights, privileges, immunities and powers and is subject to all of the duties and liabilities of a corporation organized under the Maine Revised Statutes, Title 13-B;

4. All property, whether real, personal or mixed, and all debts due on whatever account, and all other choses in action, and all other interest, of or belonging to or due to the district, are deemed to be transferred to and vested in MRH Corp. without further act or deed. The title to any real estate, or any interest therein, vested in the district may not revert or be in any way impaired by reason of the merger;

5. Governmental quasi-municipal rights, privileges and immunities of the district do not transfer, merge or otherwise vest in MRH Corp.; and

6. Mayo Regional Hospital is no longer a municipally funded hospital as specified in Title 36, section 2891, subsection 1-A.

**Sec. 3. Repeal of Hospital Administrative District No. 4 charter.** After the articles of merger are filed with and accepted by the Secretary of State, the Secretary of State shall notify the Joint Standing Committee on State and Local Government of the merger. The joint standing committee shall introduce legislation to repeal Private and Special Law 1973, chapter 76 and amend the Maine Revised Statutes, Title 36, section 2891, subsection 1-A to remove reference to Mayo Regional Hospital.

**Sec. 4. Appropriations and allocations.** The following appropriations and allocations are made.

**HEALTH AND HUMAN SERVICES, DEPARTMENT OF  
Medical Care - Payments to Providers 0147**

Initiative: Adjusts funding in the Medical Care - Payments to Providers program between the General Fund and the Other Special Revenue Funds related to an increase in hospital tax funding being received from the newly established MRH Corp.

<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	(\$116,314)	(\$117,122)
<b>GENERAL FUND TOTAL</b>	<u>(\$116,314)</u>	<u>(\$117,122)</u>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	\$1,063,239	\$1,063,239
<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<u>\$1,063,239</u>	<u>\$1,063,239</u>

**Medical Care - Payments to Providers 0147**

Initiative: Provides funding for the reimbursement of the cost of the tax.

<b>GENERAL FUND</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	\$116,314	\$117,122
<b>GENERAL FUND TOTAL</b>	<u>\$116,314</u>	<u>\$117,122</u>
<b>FEDERAL EXPENDITURES FUND</b>	<b>2019-20</b>	<b>2020-21</b>
All Other	\$206,602	\$205,794
<b>FEDERAL EXPENDITURES FUND TOTAL</b>	<u>\$206,602</u>	<u>\$205,794</u>

**HEALTH AND HUMAN SERVICES,  
DEPARTMENT OF  
DEPARTMENT TOTALS**

	<b>2019-20</b>	<b>2020-21</b>
<b>GENERAL FUND</b>	<b>\$0</b>	<b>\$0</b>
<b>FEDERAL EXPENDITURES FUND</b>	<b>\$206,602</b>	<b>\$205,794</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>\$1,063,239</b>	<b>\$1,063,239</b>
<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<u><b>\$1,269,841</b></u>	<u><b>\$1,269,033</b></u>

**Emergency clause.** In view of the emergency cited in the preamble, this legislation takes effect when approved.