

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HOUSE BILL 2367

AN ACT

AMENDING SECTIONS 36-401, 36-445, 36-446.04, 36-2401, 36-2402 AND 48-5541.01,  
ARIZONA REVISED STATUTES; RELATING TO HEALTH CARE INSTITUTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-401, Arizona Revised Statutes, is amended to  
3 read:

4 36-401. Definitions: adult foster care

5 A. In this chapter, unless the context otherwise requires:

6 1. "Accredited health care institution" means a health care  
7 institution, other than a hospital, that is currently accredited by a  
8 nationally recognized accreditation organization.

9 2. "Accredited hospital" means a hospital that is currently accredited  
10 by a nationally recognized ~~commission~~ ORGANIZATION on hospital accreditation.

11 ~~3. "Adaptive services" means medical services that are provided on an~~  
12 ~~outpatient basis.~~

13 ~~4.~~ 3. "Adult day health care facility" means a facility that provides  
14 adult day health services during a portion of a continuous twenty-four hour  
15 period for compensation on a regular basis for five or more adults not  
16 related to the proprietor.

17 ~~5.~~ 4. "Adult day health services" means a program that provides  
18 planned care supervision and activities, personal care, personal living  
19 skills training, meals and health monitoring in a group setting during a  
20 portion of a continuous twenty-four hour period. Adult day health services  
21 may also include preventive, therapeutic and restorative health-related  
22 services that do not include behavioral health services.

23 ~~6.~~ 5. "Adult foster care HOME" means a residential setting that  
24 provides room and board and adult foster care services for at least one and  
25 no more than four adults who are participants in the Arizona long-term care  
26 system pursuant to chapter 29, article 2 of this title and in which the  
27 sponsor or the manager resides with the residents and integrates the  
28 residents who are receiving adult foster care into that person's family.

29 ~~7.~~ 6. "Adult foster care services" means supervision, assistance with  
30 eating, bathing, toileting, dressing, self-medication and other routines of  
31 daily living or services authorized by section 36-2939, subsection C and  
32 rules adopted pursuant to that section.

33 ~~8. "Ambulatory person" means any individual, including one who uses a~~  
34 ~~cane or other ambulatory support device, who is physically and mentally~~  
35 ~~capable under emergency conditions of finding a way to safety without~~  
36 ~~assistance.~~

37 ~~9.~~ 7. "Assisted living center" means an assisted living facility that  
38 provides resident rooms or residential units to eleven or more residents.

39 ~~10.~~ 8. "Assisted living facility" means a residential care  
40 institution, including AN adult foster care HOME, that provides or contracts  
41 to provide supervisory care services, personal care services or directed care  
42 services on a ~~continuing~~ CONTINUOUS basis.

43 ~~11.~~ 9. "Assisted living home" means an assisted living facility that  
44 provides resident rooms to ten or fewer residents.

1           ~~12.~~ "Capital expenditure" means the acquisition by lease or purchase of  
2 a capital asset in the nature of buildings, fixtures or durable equipment.  
3           ~~13.~~ 10. "Construction" means the building, erection, fabrication or  
4 installation of a health care institution.  
5           ~~14.~~ 11. "Continuous" means available at all times without cessation,  
6 break or interruption.  
7           ~~15.~~ 12. "Controlling person" means a person who:  
8           (a) Through ownership, has the power to vote at least ten per cent of  
9 the outstanding voting securities.  
10           (b) If the applicant or licensee is a partnership, is the general  
11 partner or a limited partner who holds at least ten per cent of the voting  
12 rights of the partnership.  
13           (c) If the applicant or licensee is a corporation, an association or a  
14 limited liability company, is the president, the chief executive officer, the  
15 incorporator or any person who owns or controls at least ten per cent of the  
16 voting securities. For the purposes of this subdivision, corporation does  
17 not include nonprofit corporations.  
18           (d) Holds a beneficial interest in ten per cent or more of the  
19 liabilities of the applicant or the licensee.  
20           ~~16.~~ 13. "Department" means the department of health services.  
21           ~~17.~~ 14. "Directed care services" means programs and services,  
22 including SUPERVISORY AND personal care services, that are provided to  
23 persons who are incapable of recognizing danger, summoning assistance,  
24 expressing need or making basic care decisions.  
25           ~~18.~~ 15. "Direction" means authoritative policy or procedural guidance  
26 for the accomplishment of a function or activity.  
27           ~~19.~~ 16. "Director" means the director of the department of health  
28 services.  
29           ~~20.~~ 17. "Facilities" means buildings that are used by a health care  
30 institution for providing any of the types of services as defined in this  
31 chapter.  
32           ~~21.~~ 18. "Freestanding urgent care center":  
33           (a) Means an outpatient treatment center that, regardless of its  
34 posted or advertised name, meets any of the following requirements:  
35           (i) Is open twenty-four hours a day, excluding at its option weekends  
36 or certain holidays, but is not licensed as a hospital.  
37           (ii) Claims to provide unscheduled medical services not otherwise  
38 routinely available in primary care physician offices.  
39           (iii) By its posted or advertised name, gives the impression to the  
40 public that it provides medical care for urgent, immediate or emergency  
41 conditions.  
42           (iv) Routinely provides ongoing unscheduled medical services for more  
43 than eight consecutive hours for an individual patient.

1 (b) Does not include the following:

2 (i) A medical facility that is licensed under a hospital's license and  
3 that uses the hospital's medical provider number.

4 (ii) A qualifying community health center pursuant to section  
5 36-2907.06.

6 (iii) Any other health care institution licensed pursuant to this  
7 chapter.

8 (iv) A physician's office that offers extended hours or same day  
9 appointments to existing and new patients and that does not meet the  
10 requirements of subdivision (a), item (i), (iii) or (iv). For the purposes  
11 of this item, "physician" means a person licensed pursuant to title 32,  
12 chapter 13 or 17.

13 ~~22.~~ 19. "Governing authority" means the individual, agency, group or  
14 corporation, appointed, elected or otherwise designated, in which the  
15 ultimate responsibility and authority for the conduct of the health care  
16 institution are vested.

17 ~~23.~~ 20. "Health care institution" means every place, institution,  
18 building or agency, whether organized for profit or not, that provides  
19 facilities with medical services, nursing services, health screening  
20 services, other health-related services, supervisory care services, personal  
21 care services or directed care services and that includes home health  
22 agencies as defined in section 36-151 and hospice service agencies.

23 ~~24.~~ 21. "Health-related services" means services, other than medical,  
24 that pertain to general supervision, protective, preventive and personal care  
25 services, supervisory care services or directed care services.

26 ~~25.~~ 22. "Health screening services" means the acquisition, analysis  
27 and delivery of health-related data of individuals to aid in the  
28 determination of the need for medical services.

29 ~~26.~~ 23. "Hospice" means a hospice service agency or the provision of  
30 hospice services in an inpatient facility.

31 ~~27.~~ 24. "Hospice service" means a program of palliative and supportive  
32 care for terminally ill persons and their families or caregivers.

33 ~~28.~~ 25. "Hospice service agency" means an agency or organization, or a  
34 subdivision of that agency or organization, that is engaged in providing  
35 hospice services at the place of residence of its clients.

36 ~~29.~~ 26. "Inpatient beds" or "resident beds" means accommodations with  
37 supporting services, such as food, laundry and housekeeping, for patients or  
38 residents who generally stay in excess of twenty-four hours.

39 ~~30.~~ 27. "Licensed capacity" means the total number of persons for whom  
40 the health care institution is authorized by the department to provide  
41 services as required pursuant to this chapter if the person is expected to  
42 stay in the health care institution for more than twenty-four hours. For a  
43 hospital, licensed capacity means only those beds specified on the hospital  
44 license.

1       ~~31.~~ 28. "Medical services" means the services that pertain to medical  
2 care and that are performed at the direction of a physician on behalf of  
3 patients by physicians, dentists, nurses and other professional and technical  
4 personnel.

5       ~~32.~~ 29. "Modification" means the substantial improvement, enlargement,  
6 reduction, ~~OR~~ alteration of or other change in a health care institution.

7       ~~33.~~ 30. "Nonproprietary institution" means any health care institution  
8 that is organized and operated exclusively for charitable purposes, no part  
9 of the net earnings of which inures to the benefit of any private shareholder  
10 or individual, or that is operated by the state or any political subdivision  
11 of the state.

12       ~~34.~~ 31. "Nursing care institution" means a health care institution  
13 that provides inpatient beds or resident beds and nursing services to persons  
14 who need CONTINUOUS nursing services ~~on a continuing basis~~ but who do not  
15 require hospital care or direct daily care from a physician.

16       ~~35.~~ 32. "Nursing services" means those services that pertain to the  
17 curative, restorative and preventive aspects of nursing care and that are  
18 performed at the direction of a physician by or under the supervision of a  
19 registered nurse licensed in this state.

20       ~~36.~~ 33. "Organized medical staff" means a formal organization of  
21 physicians, and dentists where appropriate, with the delegated authority and  
22 responsibility to maintain proper standards of medical care and to plan for  
23 continued betterment of that care.

24       ~~37. "Outpatient surgical center" means a type of health care  
25 institution with facilities and limited hospital services for the diagnosis  
26 or treatment of patients by surgery whose recovery, in the concurring  
27 opinions of the surgeon and the anesthesiologist, does not require inpatient  
28 care in a hospital.~~

29       ~~38.~~ 34. "Personal care services" means assistance with activities of  
30 daily living that can be performed by persons without professional skills or  
31 professional training and ~~that~~ includes the coordination or provision of  
32 intermittent nursing services and the administration of medications and  
33 treatments by a nurse who is licensed pursuant to title 32, chapter 15 or as  
34 otherwise provided by law.

35       ~~39.~~ 35. "Physician" means any person who is licensed pursuant to title  
36 32, chapter 13 or 17.

37       ~~40.~~ 36. "Residential care institution" means a health care institution  
38 other than a hospital or a nursing care institution that provides resident  
39 beds or residential units, supervisory care services, personal care services,  
40 directed care services or health-related services for persons who do not need  
41 ~~inpatient~~ CONTINUOUS nursing ~~care~~ SERVICES.

1       ~~41.~~ 37. "Residential unit" means a private apartment, unless otherwise  
2 requested by a resident, that includes a living and sleeping space, kitchen  
3 area, private bathroom and storage area.

4       ~~42.~~ 38. "Respite care services" means services that are provided by a  
5 licensed health care institution to persons otherwise cared for in foster  
6 homes and in private homes to provide an interval of rest or relief of not  
7 more than thirty days to operators of foster homes or to family members.

8       ~~43.~~ 39. "Substantial compliance" means that the nature or number of  
9 violations revealed by any type of inspection or investigation of a ~~licensed~~  
10 health care institution does not pose a direct risk to the life, health or  
11 safety of patients or residents.

12       ~~44.~~ 40. "Supervision" means direct overseeing and inspection of the  
13 act of accomplishing a function or activity.

14       ~~45.~~ 41. "Supervisory care services" means general supervision,  
15 including daily awareness of resident functioning and continuing needs, the  
16 ability to intervene in a crisis and assistance in the self-administration of  
17 prescribed medications.

18       ~~46.~~ 42. "Unscheduled medical services" means medically necessary  
19 periodic health care services that are unanticipated or cannot reasonably be  
20 anticipated and that require medical evaluation or treatment before the next  
21 business day.

22       B. If there are fewer than four Arizona long-term care system  
23 participants receiving adult foster care in an adult foster care home,  
24 nonparticipating adults may receive other types of services that are  
25 authorized by law to be provided in the adult foster care home as long as the  
26 number of adults served, including the Arizona long-term care system  
27 participants, does not exceed four.

28       C. Nursing care services may be provided by the adult foster care  
29 licensee if the licensee is a nurse who is licensed pursuant to title 32,  
30 chapter 15 and the services are limited to those allowed pursuant to law.  
31 The licensee shall keep a record of nursing services rendered.

32       Sec. 2. Section 36-445, Arizona Revised Statutes, is amended to read:

33       ~~36-445.~~ Review of certain medical practices

34       The governing body of each licensed hospital or outpatient surgical  
35 center ~~as defined in section 36-401~~ shall require that physicians admitted to  
36 practice in the hospital or center organize into committees or other  
37 organizational structures to review the professional practices within the  
38 hospital or center for the purposes of reducing morbidity and mortality and  
39 for the improvement of the care of patients provided in the institution.  
40 Such review shall include the nature, quality and necessity of the care  
41 provided and the preventability of complications and deaths occurring in the  
42 hospital or center. Such review need not identify the patient or doctor by  
43 name but may use a case number or some other such designation.

1           Sec. 3. Section 36-446.04, Arizona Revised Statutes, is amended to  
2 read:

3           36-446.04. Qualifications; period of validity; exemption

4           A. The board shall issue a license as a nursing care institution  
5 administrator pursuant to its rules to any person who meets the following  
6 qualifications:

7           1. Is of good character.

8           2. Has satisfactorily completed a course of instruction and training  
9 approved by the board that:

10           (a) Is designed and sufficiently administered to give the applicant  
11 knowledge of the proper needs to be served by nursing care institutions.

12           (b) Includes a thorough background in the laws and rules governing the  
13 operation of nursing care institutions and the protection of the interests of  
14 the patients in nursing care institutions.

15           (c) Includes thorough training in elements of good health care  
16 facilities administration.

17           3. Has passed an examination administered by the board designed to  
18 test for competency in the subject matter referred to in this subsection.

19           4. Has met one of the following fingerprinting requirements:

20           (a) Has a valid fingerprint clearance card issued pursuant to title  
21 41, chapter 12, article 3.1.

22           (b) Has provided proof of the submission of an application for a  
23 fingerprint clearance card. An applicant who has been denied a fingerprint  
24 clearance card must also provide proof that the applicant qualifies for a  
25 good cause exception hearing pursuant to section 41-619.55.

26           B. A person who is licensed pursuant to this section must maintain a  
27 valid fingerprint clearance card during the valid period of the person's  
28 license.

29           C. The board shall issue a certificate as an assisted living facility  
30 manager pursuant to its rules to a person who meets the following  
31 qualifications:

32           1. Is of good character.

33           2. Has satisfactorily completed a course of instruction and training  
34 approved by the department.

35           3. Has passed an examination administered by the board.

36           4. Provides documentation satisfactory to the board that the applicant  
37 has completed two thousand eighty hours of paid work experience in a health  
38 related field within the preceding five years as prescribed by board rule.

39           5. Has met one of the following fingerprinting requirements:

40           (a) Has a valid fingerprint clearance card issued pursuant to title  
41 41, chapter 12, article 3.1.

42           (b) Has provided proof of the submission of an application for a  
43 fingerprint clearance card. An applicant who has been denied a fingerprint  
44 clearance card must also provide proof that the applicant qualifies for a  
45 good cause exception hearing pursuant to section 41-619.55.

1 D. A person who is certified pursuant to this section must maintain a  
2 valid fingerprint clearance card during the valid period of the person's  
3 certificate.

4 E. In lieu of the requirements contained in subsection A, paragraph 2  
5 or subsection C, paragraph 2, an applicant may present satisfactory evidence  
6 to the board of sufficient education and training in the areas listed in that  
7 paragraph.

8 F. A license is nontransferable and remains in effect until the  
9 following June 30 of an even numbered year, at which time the license may be  
10 renewed if the licensee otherwise complies with this article and unless the  
11 license has been surrendered, suspended or revoked.

12 G. A certificate is nontransferable and remains in effect until the  
13 following June 30 of an odd numbered year, at which time the certificate may  
14 be renewed if the certificate holder otherwise complies with this article and  
15 the certificate has not been surrendered, suspended or revoked.

16 H. This section does not apply to managers of adult foster care HOMES  
17 as defined in section 36-401.

18 Sec. 4. Section 36-2401, Arizona Revised Statutes, is amended to read:  
19 36-2401. Definitions

20 In this article, unless the context otherwise requires:

21 1. "Health care entity" means any of the following:

22 (a) A licensed health care provider.

23 (b) An entity that provides or contracts to provide health care  
24 services other than a hospital or outpatient surgical center.

25 (c) A professional organization of licensed health care providers.

26 (d) A utilization or quality control peer review organization.

27 (e) A state health care provider.

28 (f) A component of the statewide trauma system.

29 (g) A qualifying community health center as defined in section  
30 36-2907.06.

31 2. "Licensed health care provider" means a person or institution  
32 licensed or certified, or a corporation, all of whose members or shareholders  
33 are licensed or certified, by this state to provide health care, medical  
34 services, nursing services or other health-related services other than a  
35 licensed hospital and outpatient surgical center ~~as defined in section~~  
36 ~~36-401.~~

37 3. "Malice" means evil intent and outrageous, oppressive or  
38 intolerable conduct that creates a substantial risk of tremendous harm to  
39 others.

40 4. "Quality assurance process" means a process that is adopted by a  
41 health care entity and that follows written standards and criteria. The  
42 process includes the activities of a health care entity or any of its  
43 committees ~~which~~ THAT investigate the quality of health care through the  
44 review of professional practices, training and experience, patient cases or



1 conduct of licensed health care providers, or encourage proper utilization of  
2 health care services and facilities.

3 5. "State health care provider" means a department, agency, board or  
4 commission of the state and its officers, agents and employees that is a  
5 health care provider to clients, wards, patients or other persons in the  
6 control or custody of a department, agency, board or commission of the state  
7 and a health care provider rendering health care services on behalf of the  
8 state that is covered by insurance or self-insurance pursuant to section  
9 41-621, 41-622 or 41-623.

10 Sec. 5. Section 36-2402, Arizona Revised Statutes, is amended to read:

11 36-2402. Health care quality assurance process; immunity

12 A. The written standards and criteria for a quality assurance process  
13 must be available to all licensed health care providers that conduct or are  
14 subject to a quality assurance process.

15 B. A health care entity or person that, without malice, provides  
16 information, takes any action or makes any decision or recommendation in the  
17 course of a quality assurance process or that furnishes any records,  
18 information or assistance to a health care entity in the course of a quality  
19 assurance process shall not be subject to liability for civil damages or any  
20 legal action in consequence of such action. Malice shall be determined by  
21 the court and must be based ~~upon~~ ON a finding from clear and convincing  
22 evidence. This section shall not be construed to relieve any person of  
23 liability arising from treatment of a patient.

24 C. Health care quality assurance review activities conducted by state,  
25 county or local medical, pharmacy and dental associations and societies on  
26 behalf of a health care entity, licensed hospital, outpatient surgical  
27 center, ~~as defined in section 36-401~~, state or federal health program or  
28 other health maintenance organization are immune from civil liability to the  
29 same degree as the facility for which the review activities are conducted.

30 D. This section applies to a committee consisting of two or more  
31 qualifying community health centers as defined in section 36-2907.06 to  
32 review quality assurance information.

33 Sec. 6. Section 48-5541.01, Arizona Revised Statutes, is amended to  
34 read:

35 48-5541.01. Additional powers and duties of certain special  
36 health care districts

37 A. This section applies only to a special health care district in a  
38 county with a population of two million or more persons.

39 B. Notwithstanding section 48-5502 and except as provided in section  
40 48-5501.01, subsection B, the board of directors of a special health care  
41 district shall be elected pursuant to title 16 and shall consist of five  
42 members, one from each supervisorial district of the county in which the  
43 district is located. A member of the board of directors shall comply with  
44 all of the following:

1           1. A member shall be a qualified elector of the supervisorial district  
2 from which the member is elected.

3           2. A member shall not be an elected or appointed state or county  
4 official or a person who serves on a hospital board established pursuant to  
5 section 36-183.01 and who is not a member of the board of supervisors of the  
6 county in which the district is located.

7           3. A member shall not be an employee of the special health care  
8 district or a director, officer or employee of another health care  
9 institution.

10           C. NOTWITHSTANDING SECTION 48-5503, THE BOARD OF DIRECTORS OF A  
11 SPECIAL HEALTH CARE DISTRICT SHALL SERVE STAGGERED FOUR YEAR TERMS, EXCEPT  
12 THAT THE TERM OF OFFICE FOR DIRECTORS ELECTED FROM SUPERVISORIAL DISTRICTS 3  
13 AND 4 AT THE 2008 GENERAL ELECTION SHALL BE TWO YEARS AND AT SUBSEQUENT  
14 ELECTIONS SHALL BE FOUR YEARS.

15           ~~C.~~ D. For at least ten years after the date that the district first  
16 operates a general hospital and within three miles of the location of a  
17 general hospital operated by the county in which the district is located, the  
18 district shall provide the following services commensurate with good business  
19 practices:

20           1. Emergency and trauma services and shall operate a general hospital  
21 and a burn center, all at a level of service no lower than that which existed  
22 on January 1, 2003.

23           2. Maternity services at levels required of public hospitals pursuant  
24 to title XIX of the social security act.

25           ~~D.~~ E. Following the expiration of the ten year period prescribed by  
26 subsection C of this section, the district may provide any of the services or  
27 operate any of the facilities permitted under this chapter.

28           ~~E.~~ F. This chapter does not establish a legal entitlement to services  
29 or reimbursement for services for any person or third party or ~~obligates~~  
30 OBLIGATE the district to provide programs or services that it cannot provide  
31 as the result of actions of third parties. The provisions of this section  
32 shall be included in any lease or management agreement for the general  
33 hospital of the district, and any sale, lease or management agreement shall  
34 not affect the status of the hospital as a public hospital or its licensure  
35 under section 36-422, subsection G.

36           ~~F.~~ G. Until ten years after the date that the district first operates  
37 a general hospital, the following apply:

38           1. The district may not construct an additional general hospital  
39 outside the three mile radius of a general hospital operated by the  
40 county. After the expiration of the ten year period, the district may not  
41 construct a general hospital outside a three mile radius of the general  
42 hospital operated by the county without the approval of the qualified  
43 electors of the entire county pursuant to an election called by the board of  
44 directors of the district.

1           2. The district may not acquire or lease a general hospital that is  
2 situated beyond the three mile radius of the general hospital operated by the  
3 county without the approval of the qualified electors of the entire county  
4 pursuant to an election called by the board of directors of the district.

5           3. Except for a psychiatric hospital or a behavioral health facility,  
6 the district may not construct, acquire or lease a specialty hospital that is  
7 located outside the three mile radius of a general hospital operated by the  
8 county.

9           ~~G.~~ H. Notwithstanding section 48-5541, paragraph 5, for a period of  
10 ten years after the date that the district first operates a general hospital,  
11 a district may own, operate, lease, manage or maintain no more than three  
12 outpatient surgical centers ~~as defined in section 36-401~~, if all of the  
13 following apply:

14           1. One of the outpatient surgical centers is located at the campus of  
15 a general hospital operated by the district.

16           2. Any other surgical centers are located at health care institutions  
17 as defined in section 36-401 that were operated by the county in which the  
18 district is located on January 1, 2003.

19           3. All surgical centers are operated in furtherance of the district's  
20 mission as prescribed by subsection H of this section.

21           ~~H.~~ I. A district shall operate a general hospital for the term of any  
22 tax authorized pursuant to section 48-5565, and the district's primary but  
23 not sole mission is as provided in this subsection and met by providing  
24 directly at its facilities or by contract medical education programs,  
25 emergency and other services as required by this chapter, services to the  
26 medically underserved and facilities and equipment necessary for these  
27 services. The district's annual expenditures to satisfy the requirements of  
28 this subsection shall be to the extent of the amount of taxes approved by the  
29 qualified electors, authorized by the board of directors of the district and  
30 available pursuant to sections 48-5563 and 48-5565.

31           ~~I.~~ J. The district and the county may not simultaneously operate a  
32 general hospital, and a district may not operate an ambulance service  
33 pursuant to section 48-5564.

34           ~~J.~~ K. If a district chooses to acquire or lease from a county an  
35 asset of a health system as defined in section 11-1401, the board of  
36 supervisors of that county, by a majority vote, may convey, sell, lease or  
37 otherwise transfer title to any such asset of a health system to the district  
38 and transfer any health system liability as defined in section 11-1401 to the  
39 district.

40           ~~K.~~ L. A district may:

41           1. Raise capital, borrow and invest monies, create debt, assume debt  
42 and refinance debt to carry out the purposes of this chapter.

43           2. Issue tax anticipation notes pursuant to title 35, chapter 3,  
44 article 3.1.

1           3. Issue revenue anticipation notes pursuant to title 35, chapter 3,  
2 article 3.3.

3           4. Issue revenue bonds in a manner consistent with chapter 12, article  
4 5 of this title.

5           ~~L.~~ M. Notwithstanding section 48-5542, a district shall not lease any  
6 general hospital that it operates to any entity other than a political  
7 subdivision of this state until two years after the receipt of any special  
8 payments.

9           ~~M.~~ N. Subject to the other provisions in this chapter, the district:  
10           1. Shall adopt administrative rules, including an employee merit  
11 system for its employees, and shall adopt and administer competitive  
12 procurement rules necessary to administer and operate the district's programs  
13 and any property.

14           2. May employ or contract with individuals or other entities,  
15 including the county attorney, to provide services in furtherance of the  
16 purposes of the district.

17           3. May establish or acquire foundations or charitable organizations to  
18 solicit donations, financial contributions, real or personal property or  
19 services for use solely to perform the duties and obligations in furtherance  
20 of the district.

21           4. Shall disclose and make available records and other matters in the  
22 same manner as is required of a public body pursuant to title 39, chapter 1,  
23 except that the district is not required to disclose or make available any  
24 records or other matters that:

25           (a) Identify the care or treatment of a patient who receives services,  
26 including billing information, unless the patient or the patient's  
27 representative consents to the disclosure in writing or unless otherwise  
28 permitted pursuant to federal or state law.

29           (b) Reveal proprietary information provided to the district by a  
30 nongovernmental source. For the purposes of this subdivision,  
31 "nongovernmental" means an entity other than the United States government or  
32 a public body as defined in section 39-121.01.

33           (c) Would cause demonstrable and material harm and would place the  
34 district at a competitive disadvantage in the marketplace.

35           (d) Would violate any exception, privilege or confidentiality granted  
36 or imposed by statute or common law.

37           ~~N.~~ O. A district is entitled to a lien for the charges for any  
38 services provided by a hospital operated by the district, for medical care  
39 and treatment of an injured person or for long-term care services, on any and  
40 all claims of liability or indemnity for damages accruing to the person to  
41 whom hospital or medical service is rendered, or to the legal representative  
42 of that person, on account of injuries giving rise to such claims and that  
43 necessitated the hospital or medical care and treatment. Recovery of charges  
44 pursuant to this subsection shall be in a manner as nearly as possible the  
45 same as the procedures prescribed in section 36-2915.