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Trust Agreement for Indigent Care

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Trust Agreement for Indigent Care

Private Acts of 1983 Chapter 138

SECTION 1. The county legislative body of Dyer County is hereby authorized to establish a trust and enter a trust agreement for the purpose of providing hospital care for the indigent in Dyer County. The proceeds of the sale of the Parkview Hospital, the Parkview Convalescent Unit, and the Parkview Emergency Service (hereinafter referred to as the hospital) shall be placed in such trust fund. A board of trustees (hereinafter referred to as the trustees) shall manage the trust. The trustees shall be the following Dyer County officials by virtue of their offices: county executive, county trustee, chairman of the county legislative body, and the three (3) members of the finance committee of the county legislative body.

Each individual trustee's term shall be coterminus with his or her term of elected office, with respect to the trustee and the county executive, and coterminus with his or her term of appointment or election by the Dyer County Legislative Body with respect to the chairman and members of the finance committee. A trustee may be removed by the Dyer County Legislative Body for any reason, upon the affirmative vote of three-fourths (3/4) of the legislative body. The legislative body shall fill any vacancy in the trustees to complete the unexpired term. If a vacancy occurs among the trustees, the remaining trustees shall have full power to act until the vacancies have been filled. All successor trustees shall have and exercise all of the powers, duties and responsibilities as the original trustees.

SECTION 2. (a) The trustees shall have the following duties:

(1) To invest immediately and keep invested the proceeds of the sale of the hospital in such investments that will yield a high rate of return and that will best fulfill the purposes of the trust. In making such investments the trustees shall be bound by the same legal restrictions and requirements that govern investments made by Dyer County of its funds.

(2) To make available ninety percent (90%) of the income of the trust to the indigent care distribution committee (hereinafter referred to as the committee) the committee shall periodically provide payments to the hospital for "indigent hospital care" as defined in Sections 3 and 4.

(b) Any of the said ninety percent (90%) not paid out to said distribution committee together with all of the income earned on the unused said ninety percent (90%) shall continue to be available to the trustees for payment for "indigent hospital care". Conversely, the four million dollar principal, together with any subsequent donations, plus ten percent (10%) of the income from the four million subsequent donations, plus ten percent (10%) of the income from the four million dollars and any subsequent donations shall not be available to the trustees for payment of "indigent hospital care". For convenience and clarity the trustees may establish two trust funds (A and B), whereby trust fund A may contain the four million dollars plus any other donations. Ninety percent (90%) of the income of fund A may be transferred periodically to trust fund B. Trust fund B may be used to pay for the "indigent hospital care", and any unused portion of trust fund B would remain in fund B. Further, all income earned by unused monies in trust fund B would remain in trust fund B and available to the trustees for "indigent hospital care", There shall be no transfers of funds from trust fund B back to trust fund A. If desired for investment purposes, the two fund may be pooled and/or commingled.

SECTION 3. The committee shall be composed of five (5) members. Four (4) members shall be appointed by the county legislative body of Dyer County, and one (1) member shall be elected by the hospital medical staff. There shall be one (1) citizen elected who is a resident of Dyer County and one (1) citizen who resides within the corporate limits of Dyersburg, with one (1) of the said member's initial term to be one (1) year and the other to be two (2) years, to be determined by drawn lots. After the initial terms have been served, the terms of both such members, or their successors, shall be two (2) years. the intent is to have staggered terms, with one (1) of the citizen members to be elected annually. There shall likewise be two (2) members of the Dyer County Legislative Body to serve as the third and fourth members of the committee. One (1) shall be from a district entirely within the corporate limits of the City of Dyersburg. The terms shall be identical to the two (2) citizen members as set forth hereinabove; the intent likewise being staggered terms with an annual election of one (1) member. The fifth member of the committee shall be a member of the hospital medical staff, elected by the staff for a one (1) year term.

Payments made to the hospital by the committee shall be only for indigent hospital care, which is defined as that care given to those in need who meet the following qualifications:

(1) The patient must have been a resident of Dyer County for at least thirty (30) days.

(2) The patient must be an "indigent". A patient shall be considered an indigent if his individual or

family income, as applicable, meets the guidelines set forth by the committee; such guidelines shall be approved by a majority vote of the Dyer County Legislative Body prior to any action by the committee. Any federal regulations now or hereafter promulgated regarding determinations of poverty guidelines may likewise be considered in determining indigency.

(3) The care given must have been for inpatient or outpatient hospital care (including ambulance services) rendered or contracted for, on or after April 1, 1983, by the Parkview Hospital, Dyersburg, Tennessee, or its successor (hereinafter referred to as the hospital); provided, however, such care shall not have been rendered pursuant to the obligation assumed by the hospital under the Hill-Burton grant and grants under Section 1625 of Federal Public Law 93-641; the purpose of this trust fund is to provide for indigent hospital care over and above that required by the Hill-Burton Act and Section 1625 of Public Law 93-641, as long as no more than ninety percent (90%) of the income or accumulated income produced by the trust is expended after the hospital as satisfied the obligations imposed under the Hill-Burton Act and Section 1625 of Public Law 93-641.

SECTION 4. Distributions out of the trust fund for indigent hospital care shall be made only to the committee, which shall then pay the hospital. No patient, nor any patient's creditor (except the hospital), shall have any right to make a claim against the trust fund. Any interest a patient may have in the trust fund paying for indigent hospital care is not assignable, and any purported assignment shall not be honored by the trustees or the committee. Distribution to the committee by the trustees out of the trust fund for payment to the hospital for indigent hospital care shall be made periodically, as follows: The first payment to the hospital shall be made on or before the one hundredth day after the end of the first quarter after the date of closing of the sale of the hospital with no liability for any care rendered prior to the closing date. Such first payment shall not exceed fifty percent (50%) of the income earned during the first six (6) months of investment of the corpus of the trust. All successive payments shall be made on a quarterly basis, due on or before one hundred (100) days after the end of each quarter, beginning with the second quarter after closing. Request for payments by the hospital shall be in writing to the committee, and with such documentation as the committee may reasonably require to show that the qualifications of Section 3 have been met. The receipt of payments from the trust fund by the hospital shall constitute a consent to audits of such books and records of the hospital as necessary to verify that payment requests are for qualified indigent hospital care.

SECTION 5. The trustees and the committee shall not use, spend or obligate any of the trust fund (including the income) for any administrative expense, salaries or for any purpose except payments pursuant hereto for indigent hospital care, as Dyer County desires all of the trust fund to be used solely for such purpose. Dyer County shall furnish any administrative service or provide funds for clerical, accounting, auditing or other services. The Dyer County Trustee shall be covered under a fidelity bond satisfactory to the Dyer County Legislative Body.

SECTION 6. The trustees and the committee shall make such reports to Dyer County Legislative Body as the legislative body may direct.

SECTION 7. Upon the concurrence of at least three-fourths (3/4) of the members of the Dyer County Legislative Body, the trustees shall be authorized to use any or all of the trust fund (including corpus or principal) for indigent hospital care.

SECTION 8. If the corpus and accumulated income of the trust fund not available for indigent hospital care exceed six million dollars (\$6,000,000.00), the Dyer County Legislative Body may withdraw some or all of such excess from the trust upon an affirmative three-fourths (3/4) vote.

SECTION 9. Nothing herein should be construed as in any way placing or creating an obligation or liability on Dyer County for providing indigent hospital care in addition to, or other than pursuant to, this Act.

SECTION 10. This Trust may not be terminated or amended without the affirmative vote of not less than three-fourths (3/4) of the members of the Dyer County Legislative Body.

SECTION 11. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this Act are declared to be severable.

SECTION 12. This Act shall have no effect unless it is approved by a two-thirds (2/3) vote of the county legislative body of Dyer County before July 1, 1983. Its approval or nonapproval shall be proclaimed by the presiding officer of the county legislative body and certified by him to the Secretary of State.

SECTION 13. For the purpose of approving or rejecting the provisions of this Act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective upon being approved as provided in Section 12.

Passed: May 10, 1983.

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