

EXHIBIT NO. 8  
DATE: 1/14/13  
BILL NO. SB 79

Jan. 14, 2013

(S) Public Health, Welfare and Safety Committee  
Montana Legislature - 2013 Regular Session

Dear Members of the Committee,

SB 79 as originally presented to Senator Davis Lewis was intended to provide **public oversight** of the **governance** of nonprofit hospitals in Montana. The corporate structure currently in existence for **public benefit without members corporations**, specifically, **boards of directors**, allows the directors at the time of incorporation to determine membership of the boards.

Some Montana hospitals **publicly elect** their board members. Other hospitals have **public elected officials** appoint board members. Still other hospitals (the majority) **self-appoint** and **self-perpetuate** board membership. It is this group of hospitals which avoid public oversight over governance other than the IRS 990, which may or may not be available depending on whether extensions for reporting have been granted.

In other words, self-appointment and self-perpetuation of hospital boards invites the opportunity for a modern form of an oligarchy to flourish in a democracy. Even the ancient Greeks feared the emergence of oligarchies and took steps to prevent them from occurring. Hospitals today are taking the form of public monopolies, and the need for public oversight has never been greater.

By public oversight I am referring to the following:

1. The right of the press and the public to attend hospital board meetings.
2. The right of the press and public to inspect board bylaws, articles of incorporation and minutes of meetings.

No better example of **lack** of public oversight exists today than the compensation levels currently paid Montana hospital administrators. Compare their salaries to both state and federal elected and appointed officials. See attachment.

SB 79 as currently written accomplishes little in terms of public oversight. Unless amended to have real meaning, it should be killed.

Sincerely yours,



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