

ESTABLISHING HOSPITAL CORPORATION: LEGAL ISSUES

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No1.

The goal of hospital network reform:

- 1) Enhancing the efficiency of the available resources usage (including financial),
- 2) Enhancing the efficiency and quality of medical services provision, taking into consideration the actual needs of the population of the specific types of healthcare,
- 3) Creating a flexible mechanism of gradual revision of hospital network in accordance with the actual healthcare needs of the population.



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No2.

STEPS TOWARDS THE ESTABLISHMENT OF HOSPITAL CORPORATION:

- 1) Approval of the corresponding decisions by local councils (hospital owners);
- 2) Legal registration of the corporation in compliance with the legislation requirements;
- 3) Elaboration of the regulatory framework for the corporation.

Current legislation of Ukraine allows the establishment of the public corporations with hospitals as members (Commercial Code of Ukraine – hereinafter CC).



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No.3

Necessary decisions of the local councils:

- 1) on the change of the legal status of the hospitals: changing them into public non-profit enterprises (art. 24, 52, 78 of the CC);
- 2) on the establishment of the corporation and approval of the Charter of the corporation by each local council separately (art. 70, 118, 119, 120 of the CC);
- 3) on endowing the Boards of the hospitals with the right to execute actions concerning the legal registration and functioning of the corporation;
- 4) on the electing the managing bodies of the corporation and the representatives of each local council in the managing bodies of the corporation (Managing Board, Executive director) – in accordance with the Charter of the corporation;
- 5) on endowing the Boards of the hospitals with the right to sign the agreements with the corporation concerning the issues stipulated by the Charter of the corporation, including the funding of distributed functions.



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Legal status of the public corporation members:

1. Member enterprises keep the legal entity status. They are subject to the provisions of the CC and other laws concerning the regulation of enterprises' activities.

2. Member of the public corporation has no right, without the consent of the corporation, to exit the corporation or unite its activities with other economic entities or decide to stop its activities.

(art. 121 of the CC)



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Legal registration of the corporation:

Legal registration of the corporation is done in compliance with the requirements of the current legislation after the necessary decisions are approved by the local councils.



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No6

Elaboration of the regulatory framework for the corporation:

- 1) internal documentation of the corporation, stipulated by its Charter, regulating the functioning of the corporation;
- 2) agreements between the members of the corporation (hospitals) and the corporation concerning the issues of delivering centralized and distributed functions (including the issues of funding such functions' delivery).



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No7

Internal documentation of the corporation:

- 1) the order of managing bodies' functioning (Managing Board of the corporation; General director of the corporation);
- 2) the order of defining the functions to be distributed between the members of the corporation (the criteria for defining such functions, the terms of their distribution, etc.);
- 3) the order of defining the functions to be centralized and delivered by the corporation (the criteria for defining such functions, the terms of their centralization and delivery) and other documents.



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No8

The organization of effective corporation and its members' resources management

- 1) The decision of the Managing Board concerning the functions distribution (what functions are delivered by whom);
- 2) The decision of the Managing Board concerning the centralized functions to be delivered by the corporation as the legal entity (what are the functions and what are the procedures of their delivery);
- 3) Reorganization of the member hospitals' structure in accordance with their new legal status and taking into consideration the corporation's centralized and distributed functions



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