

AMENDED IN SENATE JUNE 19, 2007

AMENDED IN ASSEMBLY MARCH 22, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 417

Introduced by Assembly Members Blakeslee and Nava

February 16, 2007

An act to amend Sections 101675, 101680, 101685, 101690, 101700, 101715, 101720, 101750, 101760, 101775, and 101780 of, and to add Section 101781 to, the Health and Safety Code, relating to health authorities.

LEGISLATIVE COUNSEL'S DIGEST

AB 417, as amended, Blakeslee. Regional health authority: Santa Barbara and San Luis Obispo Counties.

Existing law authorizes the Board of Supervisors of the County of Santa Barbara to order the formation of the Santa Barbara Regional Health Authority that shall include all of the areas of the county, provides for the provision of medical services by the authority within a service area, and defines service area to mean Santa Barbara County and those counties contiguous to Santa Barbara County. Existing law permits the authority, which is governed by a board of directors appointed by the Board of Supervisors of Santa Barbara County, to provide a health care system in a county contiguous to the County of Santa Barbara when authorized by resolution of the other county's board of supervisors. Existing law authorizes the Santa Barbara County Board of Supervisors, after it has adopted a resolution, to review major administrative decisions of the authority and to approve, modify, reflect, or repeal those decisions.

This bill would rename the authority as the Santa Barbara San Luis Obispo Regional Health Authority and would permit the authority, upon authorization by the Board of Supervisors of San Luis Obispo County, to provide a health care system in San Luis Obispo County. The bill would revise the membership of the board of directors of the authority to reduce the number of directors appointed by the Board of Supervisors of Santa Barbara County and to add directors appointed by the Board of Supervisors of San Luis Obispo County and would specify the qualifications of all the directors. The bill would authorize the boards of supervisors to review and to approve, modify, reflect, or repeal major administrative decisions of the authority, as specified. The bill would also make other conforming technical changes with respect to the authority.

This bill would state the findings and declarations of the Legislature concerning the need for special legislation.

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares that:
- 2 (a) The Santa Barbara Regional Health Authority (SBRHA), a
- 3 county organized health system (COHS), began service in the
- 4 County of Santa Barbara in 1983, by resolution of the Santa
- 5 Barbara County Board of Supervisors.
- 6 (b) Through a board of directors representing the community,
- 7 the SBRHA administers five health coverage programs serving
- 8 low-income residents of Santa Barbara and San Luis Obispo
- 9 Counties.
- 10 (c) The services offered include the Santa Barbara Health
- 11 Initiative for Medi-Cal beneficiaries in Santa Barbara County, the
- 12 Access for Infants and Mothers Program for low-income mothers
- 13 and their newborns in Santa Barbara County, the Healthy Families
- 14 Program for children under the age of 19 years in Santa Barbara
- 15 and San Luis Obispo Counties, the Healthy Kids Santa Barbara
- 16 and Healthy Kids San Luis Obispo for children under the age of
- 17 19 years in Santa Barbara and San Luis Obispo Counties,
- 18 respectively, and the In-Home Supportive Services (IHSS)
- 19 Healthcare for caregiver employees of the In-Home Supportive
- 20 Services Public Authority of Santa Barbara County.

1 (d) Its primary plan, the Santa Barbara Health Initiative (SBHI),
2 began operations on September 1, 1983, and assumed responsibility
3 for the Medi-Cal program in Santa Barbara County. The program
4 is now acknowledged to be the oldest Medicaid managed care
5 program of its kind in the country.

6 (e) In 2004, Governor Arnold Schwarzenegger proposed a
7 significant redesign of the state's Medi-Cal program to include
8 Medi-Cal managed care, including the expansion of existing COHS
9 delivery models.

10 (f) In 2005, the County of San Luis Obispo created a Managed
11 Care Medi-Cal Advisory Committee to make recommendations
12 to the county health agency as to the establishment of a Medi-Cal
13 delivery system.

14 (g) The advisory committee determined that there would be a
15 significant benefit to the Medi-Cal beneficiaries of San Luis Obispo
16 County through the formation of a two-county COHS plan.

17 (h) On September 26, 2006, the San Luis Obispo County Board
18 of Supervisors, pursuant to state law, accepted the county health
19 agency's recommendation and passed a resolution endorsing the
20 formation of a two-county regional COHS with Santa Barbara
21 County, contingent on adequate funding and passage of legislation.

22 (i) The Board of Supervisors of Santa Barbara County and the
23 Board of Directors of the Santa Barbara Regional Health Authority
24 have also endorsed the formation of a Santa Barbara San Luis
25 Obispo Regional Health Authority.

26 SEC. 2. Section 101675 of the Health and Safety Code is
27 amended to read:

28 101675. This chapter shall be known, and may be cited, as the
29 Santa Barbara San Luis Obispo Regional Health Authority Act.

30 SEC. 3. Section 101680 of the Health and Safety Code is
31 amended to read:

32 101680. (a) The Board of Supervisors of the County of Santa
33 Barbara may, by ordinance or resolution, order the formation of
34 the Santa Barbara Regional Health Authority under this chapter
35 that shall include, but need not be limited to, all of the incorporated
36 and unincorporated areas of the county.

37 (b) The Board of Supervisors of the County of San Luis Obispo
38 may, by ordinance or resolution, authorize the provision of medical
39 services by the authority within San Luis Obispo County and may

1 participate on the board of directors of the authority as provided
2 in this chapter.

3 SEC. 4. Section 101685 of the Health and Safety Code is
4 amended to read:

5 101685. Unless the context otherwise requires, this article
6 governs the construction of this chapter. As used in this chapter:

7 (a) “Authority” means the Santa Barbara San Luis Obispo
8 Regional Health Authority.

9 (b) “Board” means the Santa Barbara San Luis Obispo Regional
10 Health Authority Board of Directors.

11 (c) “Health care system” means any system established to
12 arrange for the provision of medical services.

13 (d) “Public agency” means the United States, the State of
14 California, any political subdivision, county, municipality, district,
15 or agency of the State of California or of the United States and
16 any department, bureau, or commission of the State of California
17 or of the United States.

18 (e) “Person” means any individual, firm, partnership,
19 association, corporation, limited liability company, trust, business
20 trust, or the receiver or trustee or conservator for any of the above,
21 but does not include a public agency.

22 (f) “Professional advisory boards” means the boards appointed
23 by the board of directors of the authority pursuant to its rules which
24 shall consist of a representative cross-section of professional
25 providers of health care services within the service area.

26 (g) “Community advisory boards” means advisory boards to
27 the authority’s board appointed by the board of directors of the
28 authority which shall consist of persons who represent community
29 and consumer interests and who do not directly earn their income
30 from the provision of medical health services.

31 (h) “Service area” means Santa Barbara County, and those
32 counties that are contiguous with Santa Barbara County.

33 SEC. 5. Section 101690 of the Health and Safety Code is
34 amended to read:

35 101690. The governing body of the authority shall be vested
36 in a board of directors that shall consist of 13 members. Eight
37 members shall be appointed by the Board of Supervisors of Santa
38 Barbara County and five members shall be appointed by the Board
39 of Supervisors of San Luis Obispo County.

1 (a) The Board of Supervisors of Santa Barbara County shall
2 appoint members to the board of directors as follows:

3 (1) Three members shall be elected or appointed officers or
4 employees of Santa Barbara County, at least one of whom shall
5 be a member of the board of supervisors.

6 (2) Two members shall be residents of Santa Barbara County,
7 one of whom shall be either a recipient of Medi-Cal, provided for
8 under Chapter 7 (commencing with Section 14000) of Part 3 of
9 Division 9 of the Welfare and Institutions Code, a recipient of
10 Medicare, provided for under Title XVIII of the federal Social
11 Security Act, or a resident eligible to receive benefits and services
12 under both Medi-Cal and MediCare, and the other member shall
13 be a representative of a community business that does not provide
14 health care.

15 (3) Three members shall be representatives of providers of health
16 care services in the county including: (A) one physician who shall
17 be appointed from a list established by the Santa Barbara County
18 Medical Society; (B) one hospital administrator; and (C) one
19 nonhospital or nonphysician health care provider.

20 (b) The Board of Supervisors of San Luis Obispo County shall
21 appoint members to the board of directors as follows:

22 (1) Two members shall be elected or appointed officers or
23 employees of San Luis Obispo County, at least one of whom shall
24 be a member of the board of supervisors.

25 (2) One member shall be a resident of San Luis Obispo County
26 and shall be either a recipient of Medi-Cal, provided for under
27 Chapter 7 (commencing with Section 14000) of Part 3 of Division
28 9 of the Welfare and Institutions Code, a recipient of Medicare,
29 provided for under Title XVIII of the federal Social Security Act,
30 or a resident eligible to receive benefits and services under both
31 Medi-Cal and Medicare.

32 (3) Two members shall be representatives of providers of health
33 care services in San Luis Obispo County, including one physician
34 who shall be appointed from a list established by the San Luis
35 Obispo County Medical Society, and one hospital administrator
36 who shall be appointed from a list established by the local hospital
37 council.

38 (c) Each hospital administrator appointed to the board of
39 directors shall be unaffiliated with the hospital group, network, or
40 corporate entity of the other hospital board appointee. Each

1 physician appointee to the board of directors shall be unaffiliated
2 with the group, network, or corporate entity of the other physician
3 board appointee.

4 (d) With regard to appointments made pursuant to paragraph
5 (2) of subdivision (a) and paragraph (2) of subdivision (b), the
6 appointments shall not result in two members who are both
7 recipients of Medi-Cal only or both recipients of Medicare only.

8 SEC. 6. Section 101700 of the Health and Safety Code is
9 amended to read:

10 101700. The board shall establish rules for its proceedings.
11 There shall be at least four meetings per year. Board members
12 shall be entitled to one hundred fifty dollars (\$150) per diem from
13 authority funds, for each board meeting attended and the authority
14 may pay per diem to board members attending meetings of
15 committees of the board except that per diem for attending board
16 meetings and board committee meetings shall not exceed the sum
17 of two hundred dollars (\$200) per month, plus actual expenses
18 incurred in attending meetings at rates payable to county officers
19 and employees. The per diem rate of one hundred fifty dollars
20 (\$150) may be increased by the board subject to approval by the
21 boards of supervisors.

22 SEC. 7. Section 101715 of the Health and Safety Code is
23 amended to read:

24 101715. Except for initial staggered terms that may be
25 established by the board, the term of office of each noncounty
26 member shall be two years and, in addition, time as necessary until
27 the appointment and qualification of his or her successor. County
28 officers or employees shall serve at the pleasure of the board of
29 supervisors that appointed that officer or employee.

30 SEC. 8. Section 101720 of the Health and Safety Code is
31 amended to read:

32 101720. Any vacancy on the board shall be filled for the
33 unexpired term by the board of supervisors of the county authorized
34 by Section 101690 to make the appointment to that position.

35 SEC. 9. Section 101750 of the Health and Safety Code is
36 amended to read:

37 101750. The authority is hereby declared to be a body corporate
38 and politic and it shall have power:

39 (a) To have perpetual succession.

1 (b) To sue and be sued in the name of the authority in all actions
2 and proceedings in all courts and tribunals of competent
3 jurisdiction.

4 (c) To adopt a seal and alter it at pleasure.

5 (d) To take by grant, purchase, gift, devise, or lease, to hold,
6 use and enjoy, and to lease, convey or dispose of, real and personal
7 property of every kind, within or without the boundaries of the
8 authority, necessary or convenient to the full exercise of its powers.
9 The board may lease, mortgage, sell, or otherwise dispose of any
10 real or personal property within or without the boundaries of the
11 authority necessary to the full or convenient exercise of its powers.

12 (e) To make and enter into contracts with any public agency or
13 person for the purposes of this chapter, including, but not limited
14 to, agreements under Chapter 5 (commencing with Section 6500)
15 of Division 7 of Title 1 of the Government Code. Members of the
16 board shall be disqualified from voting on contracts in which they
17 have a financial interest. Notwithstanding any other provision of
18 law, members shall not be disqualified from continuing to serve
19 as a member of the board and a contract may not be avoided solely
20 because of a member's financial interest.

21 (f) To appoint and employ an executive director and other
22 employees as may be necessary, including legal counsel, fix their
23 compensation and define their powers and duties. The board shall
24 prescribe the amounts and forms of fidelity bond of its officers
25 and employees. The cost of these bonds shall be borne by the
26 authority. The authority may also contract for the services of an
27 independent contractor.

28 (g) To incur indebtedness not exceeding revenue in any year.

29 (h) To purchase supplies, equipment, materials, property, or
30 services.

31 (i) To establish policies relating to its purposes.

32 (j) To acquire or contract to acquire, rights-of-way, easements,
33 privileges, or property of every kind within or without the service
34 area of the authority, and construct, equip, maintain, and operate
35 any and all works or improvements within or without the
36 boundaries of the authority necessary, convenient, or proper to
37 carry out any of the provisions, objects or purposes of this chapter,
38 and to complete, extend, add to, repair, or otherwise improve any
39 works or improvements acquired by it.

1 (k) To make contracts and enter into stipulations of any nature
2 upon the terms and conditions that the board finds are for the best
3 interest of the authority for the full exercise of the powers granted
4 in this chapter.

5 (l) To accept gifts, contributions, grants, or loans from any
6 public agency or person for the purposes of this chapter. The
7 authority may do any and all things necessary in order to avail
8 itself of the gifts, contributions, grants, or loans, and cooperate
9 under any federal or state legislation in effect on March 25, 1982,
10 or enacted after that date.

11 (m) To manage its moneys and to provide depository and
12 auditing services pursuant to either of the methods applicable to
13 special districts as set forth in the Government Code.

14 (n) To negotiate with service providers rates, charges, fees and
15 rents, and to establish classifications of health care systems
16 operated by the authority. Members of the board who are county
17 officers and employees may vote to approve arrangements and
18 agreements between the authority and the county as a service
19 provider and these directors shall not thus be disqualified solely
20 for the reason that they are employed by the county.

21 (o) To develop and implement health care delivery systems to
22 promote quality care and cost efficiency and to provide appeal and
23 grievance procedures available to both providers and consumers.

24 (p) To provide health care delivery systems for any or all of the
25 following:

26 (1) For all persons who are eligible to receive medical benefits
27 under the Medi-Cal Act, as set forth in Chapter 7 (commencing
28 with Section 14000) of Part 3 of Division 9 of the Welfare and
29 Institutions Code, in the service area through waiver, pilot project,
30 or otherwise.

31 (2) For all persons in the service area who are eligible to receive
32 medical benefits under both Titles XVIII and XIX of the federal
33 Social Security Act.

34 (3) For all persons in the service area who are eligible to receive
35 medical benefits under Title XVIII of the federal Social Security
36 Act.

37 (4) For all persons in the service area who are eligible to receive
38 medical benefits under publicly supported programs if the
39 authority, and participating providers acting pursuant to
40 subcontracts with the authority, agree to hold harmless the

1 beneficiaries of the publicly supported programs if the contract
2 between the sponsoring government agency and the authority does
3 not ensure sufficient funding to cover program benefits.

4 (q) To insure against any accident or destruction of its health
5 care system or any part thereof. It may insure against loss of
6 revenues from any cause. The authority may also provide insurance
7 as provided in Part 6 (commencing with Section 989) of Division
8 3.6 of Title 1 of the Government Code.

9 (r) To exercise powers that are expressly granted and powers
10 that are reasonably implied from express powers and necessary to
11 carry out the purposes of this chapter.

12 (s) To do any and all things necessary to carry out the purposes
13 of this chapter.

14 (t) With respect to services provided outside the county, the
15 authority may only provide those services to the extent that the
16 services are authorized by resolution of the board of supervisors
17 of the county in which the services are to be provided.

18 SEC. 10 Section 101760 of the Health and Safety Code is
19 amended to read:

20 101760. Notwithstanding any other provision of this chapter,
21 the board of supervisors of the county in which the appellant
22 resides may review major administrative decisions of the authority,
23 excluding those involving personnel matters, upon appeal by the
24 affected person and upon a majority vote of that board of
25 supervisors. That board of supervisors may either approve, modify,
26 reflect, or repeal these decisions. The action of the board of
27 supervisors shall be deemed to constitute a final administrative
28 remedy after concurrence by the board of supervisors of the other
29 county.

30 This section shall not be operative until adopted by resolution
31 by the boards of supervisors of both counties.

32 SEC. 11. Section 101775 of the Health and Safety Code is
33 amended to read:

34 101775. In the formation of the authority pursuant to this
35 chapter, Chapter 6.6 (commencing with Section 54773) of Part 1
36 of Division 2 of Title 5 of the Government Code is not applicable.

37 SEC. 12. Section 101780 of the Health and Safety Code is
38 amended to read:

39 101780. The Board of Supervisors of Santa Barbara County
40 may, by ordinance or resolution, order the dissolution of the

1 authority by declaring that there is no need for the authority to
2 function in the county. The dissolution shall become effective 180
3 days after the date of adoption of the resolution or ordinance
4 ordering the dissolution.

5 As of the effective date of the dissolution of the authority, the
6 authority shall be dissolved, disincorporated and extinguished; its
7 existence shall be terminated and all of its corporate powers shall
8 cease, except for winding up the affairs of the authority.

9 For the purpose of winding up the affairs of the dissolved
10 authority, the County of Santa Barbara shall be the successor.

11 Upon the effective date of dissolution, control over all of the
12 moneys or funds, including ~~on hand and moneys~~ *those on hand,*
13 *and those* due, but uncollected, and all property, real or personal,
14 of the authority shall be vested in the County of Santa Barbara for
15 the purpose of winding up the affairs of the authority.

16 The powers of the county in winding up the affairs of the
17 authority and the distribution of assets of the authority, shall be in
18 accordance with Chapter 6 (commencing with Section 57450) of
19 Part 5 of Division 3 of Title 5 of the Government Code. The
20 liability of the County of Santa Barbara as successor shall be
21 limited to the assets of the authority.

22 SEC. 13. Section 101781 is added to the Health and Safety
23 Code, to read:

24 101781. The Board of Supervisors of either the County of San
25 Luis Obispo or the County of Santa Barbara, or the board of
26 directors of the authority, by ordinance or resolution, may terminate
27 the authority's operation of a health care system or systems in the
28 County of San Luis Obispo. The termination shall become effective
29 180 days after the adoption of the ordinance or resolution. If the
30 termination is made by the board of supervisors of either county,
31 the terminating county's liability to the authority shall be limited
32 to the cost of terminating the authority's operations in the County
33 of San Luis Obispo, including, but not limited to, the costs of
34 terminating contracts and other obligations for space, services,
35 employment, health care services, required notices to beneficiaries
36 and subscribers, and moving expenses.

37 SEC. 14. *Nothing in this act shall be construed to supersede*
38 *Section 14094.3 of the Welfare and Institutions Code.*

1 ~~SEC. 14.~~

2 *SEC. 15.* Due to the unique circumstances concerning the
3 Counties of Santa Barbara and San Luis Obispo, the Legislature
4 finds and declares that a general statute cannot be made applicable
5 within the meaning of Section 16 of Article IV of the California
6 Constitution. Therefore, this act is necessarily applicable only to
7 the Counties of Santa Barbara and San Luis Obispo.

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