

AMENDED IN ASSEMBLY MAY 26, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1427**

---

---

**Introduced by Assembly Member Hayashi**

February 27, 2009

---

---

An act to amend Section ~~101850~~ 32121 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 1427, as amended, Hayashi. ~~Alameda County Hospital Authority.~~  
*Hospital districts.*

*Existing law authorizes a hospital district to transfer, at fair market value, any part of its assets to one or more nonprofit corporations to operate and maintain the assets. Existing law also authorizes the hospital district to transfer, for the benefit of the communities served by the district, in the absence of adequate consideration, any part of the assets of the district to one or more nonprofit corporations to operate and maintain the assets. Existing law requires, before any transfer of 50% or more of the district's assets to one or more corporations, a measure proposing the transfer to be submitted to the voters of that district.*

*This bill would provide that the transfers may be made to a county hospital. It would additionally require, before any transfer of an emergency or urgent care department of a general acute care hospital, a measure proposing the transfer to be submitted to the voters.*

~~Existing law authorizes the Board of Supervisors of the County of Alameda to establish, by ordinance, a hospital authority to manage, administer, and control the Alameda County Medical Center.~~

~~This bill would provide that the hospital authority is to be established within the county. It would also authorize the hospital authority to impose a special tax, as defined, pursuant to specified provisions of an existing statute.~~

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. Section 32121 of the Health and Safety Code, as  
2     amended by Section 1 of Chapter 20 of the Statutes of 2007, is  
3     amended to read:

4     32121. Each local district shall have and may exercise the  
5     following powers:

6     (a) To have and use a corporate seal and alter it at its pleasure.

7     (b) To sue and be sued in all courts and places and in all actions  
8     and proceedings whatever.

9     (c) To purchase, receive, have, take, hold, lease, use, and enjoy  
10    property of every kind and description within and without the  
11    limits of the district, and to control, dispose of, convey, and  
12    encumber the same and create a leasehold interest in the same for  
13    the benefit of the district.

14    (d) To exercise the right of eminent domain for the purpose of  
15    acquiring real or personal property of every kind necessary to the  
16    exercise of any of the powers of the district.

17    (e) To establish one or more trusts for the benefit of the district,  
18    to administer any trust declared or created for the benefit of the  
19    district, to designate one or more trustees for trusts created by the  
20    district, to receive by gift, devise, or bequest, and hold in trust or  
21    otherwise, property, including corporate securities of all kinds,  
22    situated in this state or elsewhere, and where not otherwise  
23    provided, dispose of the same for the benefit of the district.

24    (f) To employ legal counsel to advise the board of directors in  
25    all matters pertaining to the business of the district, to perform the  
26    functions in respect to the legal affairs of the district as the board  
27    may direct, and to call upon the district attorney of the county in  
28    which the greater part of the land in the district is situated for legal  
29    advice and assistance in all matters concerning the district, except  
30    that if that county has a county counsel, the directors may call  
31    upon the county counsel for legal advice and assistance.

1 (g) To employ any officers and employees, including architects  
2 and consultants, the board of directors deems necessary to carry  
3 on properly the business of the district.

4 (h) To prescribe the duties and powers of the health care facility  
5 administrator, secretary, and other officers and employees of any  
6 health care facilities of the district, to establish offices as may be  
7 appropriate and to appoint board members or employees to those  
8 offices, and to determine the number of, and appoint, all officers  
9 and employees and to fix their compensation. The officers and  
10 employees shall hold their offices or positions at the pleasure of  
11 the boards of directors.

12 (i) To do any and all things that an individual might do that are  
13 necessary for, and to the advantage of, a health care facility and a  
14 nurses' training school, or a child care facility for the benefit of  
15 employees of the health care facility or residents of the district.

16 (j) To establish, maintain, and operate, or provide assistance in  
17 the operation of, one or more health facilities or health services,  
18 including, but not limited to, outpatient programs, services, and  
19 facilities; retirement programs, services, and facilities; chemical  
20 dependency programs, services, and facilities; or other health care  
21 programs, services, and facilities and activities at any location  
22 within or without the district for the benefit of the district and the  
23 people served by the district.

24 "Health care facilities," as used in this subdivision, means those  
25 facilities defined in subdivision (b) of Section 32000.1 and  
26 specifically includes freestanding chemical dependency recovery  
27 units. "Health facilities," as used in this subdivision, may also  
28 include those facilities defined in subdivision (d) of Section 15432  
29 of the Government Code.

30 (k) To do any and all other acts and things necessary to carry  
31 out this division.

32 (l) To acquire, maintain, and operate ambulances or ambulance  
33 services within and without the district.

34 (m) To establish, maintain, and operate, or provide assistance  
35 in the operation of, free clinics, diagnostic and testing centers,  
36 health education programs, wellness and prevention programs,  
37 rehabilitation, aftercare, and any other health care services provider,  
38 groups, and organizations that are necessary for the maintenance  
39 of good physical and mental health in the communities served by  
40 the district.

1 (n) To establish and operate in cooperation with its medical  
2 staff a coinsurance plan between the hospital district and the  
3 members of its attending medical staff.

4 (o) To establish, maintain, and carry on its activities through  
5 one or more corporations, joint ventures, or partnerships for the  
6 benefit of the health care district.

7 (p) (1) To transfer, at fair market value, any part of its assets  
8 to one or more corporations *or to a county hospital* to operate and  
9 maintain the assets. A transfer pursuant to this paragraph shall be  
10 deemed to be at fair market value if an independent consultant,  
11 with expertise in methods of appraisal and valuation and in  
12 accordance with applicable governmental and industry standards  
13 for appraisal and valuation, determines that fair and reasonable  
14 consideration is to be received by the district for the transferred  
15 district assets. Before the district transfers, pursuant to this  
16 paragraph, 50 percent or more of the district's assets to one or  
17 more corporations *or to a county hospital*, in sum or by increment,  
18 the elected board shall, by resolution, submit to the voters of the  
19 district a measure proposing the transfer. *Before the district*  
20 *transfers, pursuant to this paragraph, an emergency or urgent*  
21 *care department of a general acute care hospital, to one or more*  
22 *corporations or to a county hospital, in sum or by increment, the*  
23 *elected board shall, by resolution, submit to the voters of the*  
24 *district a measure proposing the transfer.* The measure shall be  
25 placed on the ballot of a special election held upon the request of  
26 the district or the ballot of the next regularly scheduled election  
27 occurring at least 88 days after the resolution of the board. If a  
28 majority of the voters voting on the measure vote in its favor, the  
29 transfer shall be approved. The campaign disclosure requirements  
30 applicable to local measures provided under Chapter 4  
31 (commencing with Section 84100) of Title 9 of the Government  
32 Code shall apply to this election.

33 (2) To transfer, for the benefit of the communities served by  
34 the district, in the absence of adequate consideration, any part of  
35 the assets of the district, including, without limitation, *an*  
36 *emergency or urgent care department of a general acute care*  
37 *hospital*, real property, equipment, and other fixed assets, current  
38 assets, and cash, relating to the operation of the district's health  
39 care facilities to one or more nonprofit corporations *or to a county*  
40 *hospital* to operate and maintain the assets.

1 (A) A transfer of 50 percent or more of the district's assets, in  
2 sum or by increment, pursuant to this paragraph shall be deemed  
3 to be for the benefit of the communities served by the district only  
4 if all of the following occur:

5 (i) The transfer agreement and all arrangements necessary  
6 thereto are fully discussed in advance of the district board decision  
7 to transfer the assets of the district in at least five properly noticed  
8 open and public meetings in compliance with Section 32106 and  
9 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
10 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

11 (ii) The transfer agreement provides that the hospital district  
12 shall approve all initial board members of the nonprofit corporation  
13 and any subsequent board members as may be specified in the  
14 transfer agreement.

15 (iii) The transfer agreement provides that all assets transferred  
16 to the nonprofit corporation *or county hospital*, and all assets  
17 accumulated by the corporation during the term of the transfer  
18 agreement arising out of, or from, the operation of the transferred  
19 assets, are to be transferred back to the district upon termination  
20 of the transfer agreement, including any extension of the transfer  
21 agreement.

22 (iv) The transfer agreement commits the nonprofit corporation  
23 *or county hospital* to operate and maintain the district's health care  
24 facilities and its assets for the benefit of the communities served  
25 by the district.

26 (v) The transfer agreement requires that any funds received  
27 from the district at the outset of the agreement or any time  
28 thereafter during the term of the agreement be used only to reduce  
29 district indebtedness, to acquire needed equipment for the district  
30 health care facilities, to operate, maintain, and make needed capital  
31 improvements to the district's health care facilities, to provide  
32 supplemental health care services or facilities for the communities  
33 served by the district, or to conduct other activities that would  
34 further a valid public purpose if undertaken directly by the district.

35 (B) A transfer of 10 percent or more but less than 50 percent of  
36 the district's assets, in sum or by increment, pursuant to this  
37 paragraph shall be deemed to be for the benefit of the communities  
38 served by the district only if both of the following occur:

39 (i) The transfer agreement and all arrangements necessary  
40 thereto are fully discussed in advance of the district board decision

1 to transfer the assets of the district in at least two properly noticed  
2 open and public meetings in compliance with Section 32106 and  
3 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
4 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

5 (ii) The transfer agreement meets all of the requirements of  
6 clauses (iii) to (v), inclusive, of subparagraph (A).

7 (C) Before the district transfers, pursuant to this paragraph, 50  
8 percent or more of the district's assets to one or more nonprofit  
9 corporations, in sum or by increment, the elected board shall, by  
10 resolution, submit to the voters of the district a measure proposing  
11 the transfer. *Before the district transfers, pursuant to this*  
12 *paragraph, an emergency or urgent care department of a general*  
13 *acute care hospital, in sum or by increment, the elected board*  
14 *shall, by resolution, submit to the voters of the district a measure*  
15 *proposing the transfer.* The measure shall be placed on the ballot  
16 of a special election held upon the request of the district or the  
17 ballot of the next regularly scheduled election occurring at least  
18 88 days after the resolution of the board. If a majority of the voters  
19 voting on the measure vote in its favor, the transfer shall be  
20 approved. The campaign disclosure requirements applicable to  
21 local measures provided under Chapter 4 (commencing with  
22 Section 84100) of Title 9 of the Government Code shall apply to  
23 this election.

24 (D) Notwithstanding the other provisions of this paragraph, a  
25 hospital district shall not transfer any portion of its assets to a  
26 private nonprofit organization that is owned or controlled by a  
27 religious creed, church, or sectarian denomination in the absence  
28 of adequate consideration.

29 (3) If the district board has previously transferred less than 50  
30 percent of the district's assets pursuant to this subdivision, before  
31 any additional assets are transferred, the board shall hold a public  
32 hearing and shall make a public determination that the additional  
33 assets to be transferred will not, in combination with any assets  
34 previously transferred, equal 50 percent or more of the total assets  
35 of the district.

36 (4) The amendments to this subdivision made during the  
37 1991–92 Regular Session, and the amendments made to this  
38 subdivision and to Section 32126 made during the 1993–94 Regular  
39 Session, shall only apply to transfers made on or after the effective  
40 dates of the acts amending this subdivision. The amendments to

1 this subdivision made during those sessions shall not apply to any  
2 of the following:

3 (A) A district that has discussed and adopted a board resolution  
4 prior to September 1, 1992, that authorizes the development of a  
5 business plan for an integrated delivery system.

6 (B) A lease agreement, transfer agreement, or both between a  
7 district and a nonprofit corporation that were in full force and effect  
8 as of September 1, 1992, for as long as that lease agreement,  
9 transfer agreement, or both remain in full force and effect.

10 (5) Notwithstanding paragraph (4), if substantial amendments  
11 are proposed to be made to a transfer agreement described in  
12 subparagraph (A) or (B) of paragraph (4), the amendments shall  
13 be fully discussed in advance of the district board's decision to  
14 adopt the amendments in at least two properly noticed open and  
15 public meetings in compliance with Section 32106 and the Ralph  
16 M. Brown Act (Chapter 9 (commencing with Section 54950) of  
17 Part 1 of Division 2 of Title 5 of the Government Code).

18 (6) Notwithstanding paragraphs (4) and (5), a transfer agreement  
19 described in subparagraph (A) or (B) of paragraph (4) that provided  
20 for the transfer of less than 50 percent of a district's assets shall  
21 be subject to the requirements of this subdivision when subsequent  
22 amendments to that transfer agreement would result in the transfer,  
23 in sum or by increment, of 50 percent or more of a district's assets  
24 to the nonprofit corporation.

25 (7) For purposes of this subdivision, a "transfer" means the  
26 transfer of ownership of the assets of a district. A lease of the real  
27 property or the tangible personal property of a district shall not be  
28 subject to this subdivision except as specified in Section 32121.4  
29 and as required under Section 32126.

30 (8) Districts that request a special election pursuant to paragraph  
31 (1) or (2) shall reimburse counties for the costs of that special  
32 election as prescribed pursuant to Section 10520 of the Elections  
33 Code.

34 (9) (A) Nothing in this section, including subdivision (j), shall  
35 be construed to permit a local district to obtain or be issued a single  
36 consolidated license to operate a separate physical plant as a skilled  
37 nursing facility or an intermediate care facility that is not located  
38 within the boundaries of the district.

39 (B) Notwithstanding subparagraph (A), Eastern Plumas Health  
40 Care District may obtain and be issued a single consolidated license

1 to operate a separate physical plant as a skilled nursing facility or  
2 an intermediate care facility that is located on the campus of the  
3 Sierra Valley District Hospital. This subparagraph shall have no  
4 application to any other district and is intended only to address the  
5 urgent need to preserve skilled nursing or intermediate care services  
6 within the rural County of Sierra.

7 (C) Subparagraph (B) shall only remain operative until the Sierra  
8 Valley District Hospital is annexed by the Eastern Plumas Health  
9 Care District. In no event shall the Eastern Plumas Health Care  
10 District increase the number of licensed beds at the Sierra Valley  
11 District Hospital during the operative period of subparagraph (B).

12 (10) A transfer of any of the assets of a district to one or more  
13 nonprofit corporations to operate and maintain the assets shall not  
14 be required to meet paragraphs (1) to (9), inclusive, of this  
15 subdivision if all of the following conditions apply at the time of  
16 the transfer:

17 (A) The district has entered into a loan that is insured by the  
18 State of California under Chapter 1 (commencing with Section  
19 129000) of Part 6 of Division 107.

20 (B) The district is in default of its loan obligations, as determined  
21 by the Office of Statewide Health Planning and Development.

22 (C) The Office of Statewide Health Planning and Development  
23 and the district, in their best judgment, agree that the transfer of  
24 some or all of the assets of the district to a nonprofit corporation  
25 or corporations is necessary to cure the default, and will obviate  
26 the need for foreclosure. This cure of default provision shall be  
27 applicable prior to the office foreclosing on district hospital assets.  
28 After the office has foreclosed on district hospital assets, or  
29 otherwise taken possession in accordance with law, the office may  
30 exercise all of its powers to deal with and dispose of hospital  
31 property.

32 (D) The transfer and all arrangements necessary thereto are  
33 discussed in advance of the transfer in at least one properly noticed  
34 open and public meeting in compliance with Section 32106 and  
35 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
36 54950) of Part 1 of Division 2 of Title 5 of the Government Code).  
37 The meeting referred to in this paragraph shall be noticed and held  
38 within 90 days of notice in writing to the district by the office of  
39 an event of default. If the meeting is not held within this 90-day

1 period, the district shall be deemed to have waived this requirement  
2 to have a meeting.

3 (11) If a transfer under paragraph (10) is a lease, the lease shall  
4 provide that the assets shall revert to the district at the conclusion  
5 of the leasehold interest. If the transfer is a sale, the proceeds shall  
6 be used first to retire the obligation insured by the office, then to  
7 retire any other debts of the district. After providing for debts, any  
8 remaining funds shall revert to the district.

9 (12) A health care district shall report to the Attorney General,  
10 within 30 days of any transfer of district assets to one or more  
11 nonprofit or for-profit corporations, the type of transaction and the  
12 entity to whom the assets were transferred or leased.

13 (q) To contract for bond insurance, letters of credit, remarketing  
14 services, and other forms of credit enhancement and liquidity  
15 support for its bonds, notes, and other indebtedness and to enter  
16 into reimbursement agreements, monitoring agreements,  
17 remarketing agreements, and similar ancillary contracts in  
18 connection therewith.

19 (r) To establish, maintain, operate, participate in, or manage  
20 capitated health care service plans, health maintenance  
21 organizations, preferred provider organizations, and other managed  
22 health care systems and programs properly licensed by the  
23 Department of Insurance or the Department of Managed Care, at  
24 any location within or without the district for the benefit of  
25 residents of communities served by the district. However, that  
26 activity shall not be deemed to result in, or constitute, the giving  
27 or lending of the district's credit, assets, surpluses, cash, or tangible  
28 goods to, or in aid of, any person, association, or corporation in  
29 violation of Section 6 of Article XVI of the California Constitution.

30 Nothing in this section shall be construed to authorize activities  
31 that corporations and other artificial legal entities are prohibited  
32 from conducting by Section 2400 of the Business and Professions  
33 Code.

34 Any agreement to provide health care coverage that is a health  
35 care service plan, as defined in subdivision (f) of Section 1345,  
36 shall be subject to Chapter 2.2 (commencing with Section 1340)  
37 of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

38 A district shall not provide health care coverage for any  
39 employee of an employer operating within the communities served

1 by the district, unless the Legislature specifically authorizes, or  
2 has authorized in this section or elsewhere, the coverage.

3 Nothing in this section shall be construed to authorize any district  
4 to contribute its facilities to any joint venture that could result in  
5 transfer of the facilities from district ownership.

6 (s) To provide health care coverage to members of the district's  
7 medical staff, employees of the medical staff members, and the  
8 dependents of both groups, on a self-pay basis.

9 (t) This section shall remain in effect only until January 1, 2011,  
10 and as of that date is repealed, unless a later enacted statute, that  
11 is enacted before January 1, 2011, deletes or extends that date.

12 *SEC. 2. Section 32121 of the Health and Safety Code, as*  
13 *amended by Section 2 of Chapter 20 of the Statutes of 2007, is*  
14 *amended to read:*

15 32121. Each local district shall have and may exercise the  
16 following powers:

17 (a) To have and use a corporate seal and alter it at its pleasure.

18 (b) To sue and be sued in all courts and places and in all actions  
19 and proceedings whatever.

20 (c) To purchase, receive, have, take, hold, lease, use, and enjoy  
21 property of every kind and description within and without the  
22 limits of the district, and to control, dispose of, convey, and  
23 encumber the same and create a leasehold interest in the same for  
24 the benefit of the district.

25 (d) To exercise the right of eminent domain for the purpose of  
26 acquiring real or personal property of every kind necessary to the  
27 exercise of any of the powers of the district.

28 (e) To establish one or more trusts for the benefit of the district,  
29 to administer any trust declared or created for the benefit of the  
30 district, to designate one or more trustees for trusts created by the  
31 district, to receive by gift, devise, or bequest, and hold in trust or  
32 otherwise, property, including corporate securities of all kinds,  
33 situated in this state or elsewhere, and where not otherwise  
34 provided, dispose of the same for the benefit of the district.

35 (f) To employ legal counsel to advise the board of directors in  
36 all matters pertaining to the business of the district, to perform the  
37 functions in respect to the legal affairs of the district as the board  
38 may direct, and to call upon the district attorney of the county in  
39 which the greater part of the land in the district is situated for legal  
40 advice and assistance in all matters concerning the district, except

1 that if that county has a county counsel, the directors may call  
2 upon the county counsel for legal advice and assistance.

3 (g) To employ any officers and employees, including architects  
4 and consultants, the board of directors deems necessary to carry  
5 on properly the business of the district.

6 (h) To prescribe the duties and powers of the health care facility  
7 administrator, secretary, and other officers and employees of any  
8 health care facilities of the district, to establish offices as may be  
9 appropriate and to appoint board members or employees to those  
10 offices, and to determine the number of, and appoint, all officers  
11 and employees and to fix their compensation. The officers and  
12 employees shall hold their offices or positions at the pleasure of  
13 the boards of directors.

14 (i) To do any and all things that an individual might do that are  
15 necessary for, and to the advantage of, a health care facility and a  
16 nurses' training school, or a child care facility for the benefit of  
17 employees of the health care facility or residents of the district.

18 (j) To establish, maintain, and operate, or provide assistance in  
19 the operation of, one or more health facilities or health services,  
20 including, but not limited to, outpatient programs, services, and  
21 facilities; retirement programs, services, and facilities; chemical  
22 dependency programs, services, and facilities; or other health care  
23 programs, services, and facilities and activities at any location  
24 within or without the district for the benefit of the district and the  
25 people served by the district.

26 "Health care facilities," as used in this subdivision means those  
27 facilities defined in subdivision (b) of Section 32000.1 and  
28 specifically includes freestanding chemical dependency recovery  
29 units. "Health facilities," as used in this subdivision, may also  
30 include those facilities defined in subdivision (d) of Section 15432  
31 of the Government Code.

32 (k) To do any and all other acts and things necessary to carry  
33 out this division.

34 (l) To acquire, maintain, and operate ambulances or ambulance  
35 services within and without the district.

36 (m) To establish, maintain, and operate, or provide assistance  
37 in the operation of, free clinics, diagnostic and testing centers,  
38 health education programs, wellness and prevention programs,  
39 rehabilitation, aftercare, and any other health care services provider,  
40 groups, and organizations that are necessary for the maintenance

1 of good physical and mental health in the communities served by  
2 the district.

3 (n) To establish and operate in cooperation with its medical  
4 staff a coinsurance plan between the hospital district and the  
5 members of its attending medical staff.

6 (o) To establish, maintain, and carry on its activities through  
7 one or more corporations, joint ventures, or partnerships for the  
8 benefit of the health care district.

9 (p) (1) To transfer, at fair market value, any part of its assets  
10 to one or more nonprofit corporations *or to a county hospital* to  
11 operate and maintain the assets. A transfer pursuant to this  
12 paragraph shall be deemed to be at fair market value if an  
13 independent consultant, with expertise in methods of appraisal and  
14 valuation and in accordance with applicable governmental and  
15 industry standards for appraisal and valuation, determines that fair  
16 and reasonable consideration is to be received by the district for  
17 the transferred district assets. Before the district transfers, pursuant  
18 to this paragraph, 50 percent or more of the district's assets to one  
19 or more nonprofit corporations *or to a county hospital*, in sum or  
20 by increment, the elected board shall, by resolution, submit to the  
21 voters of the district a measure proposing the transfer. *Before the*  
22 *district transfers, pursuant to this paragraph, an emergency or*  
23 *urgent care department of a general acute care hospital, to one*  
24 *or more corporations or to a county hospital, in sum or by*  
25 *increment, the elected board shall, by resolution, submit to the*  
26 *voters of the district a measure proposing the transfer.* The measure  
27 shall be placed on the ballot of a special election held upon the  
28 request of the district or the ballot of the next regularly scheduled  
29 election occurring at least 88 days after the resolution of the board.  
30 If a majority of the voters voting on the measure vote in its favor,  
31 the transfer shall be approved. The campaign disclosure  
32 requirements applicable to local measures provided under Chapter  
33 4 (commencing with Section 84100) of Title 9 of the Government  
34 Code shall apply to this election.

35 (2) To transfer, for the benefit of the communities served by  
36 the district, in the absence of adequate consideration, any part of  
37 the assets of the district, including, without limitation, *an*  
38 *emergency or urgent care department of a general acute care*  
39 *hospital*, real property, equipment, and other fixed assets, current  
40 assets, and cash, relating to the operation of the district's health

1 care facilities to one or more nonprofit corporations *or to a county*  
2 *hospital* to operate and maintain the assets.

3 (A) A transfer of 50 percent or more of the district's assets, in  
4 sum or by increment, pursuant to this paragraph shall be deemed  
5 to be for the benefit of the communities served by the district only  
6 if all of the following occur:

7 (i) The transfer agreement and all arrangements necessary  
8 thereto are fully discussed in advance of the district board decision  
9 to transfer the assets of the district in at least five properly noticed  
10 open and public meetings in compliance with Section 32106 and  
11 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
12 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

13 (ii) The transfer agreement provides that the hospital district  
14 shall approve all initial board members of the nonprofit corporation  
15 and any subsequent board members as may be specified in the  
16 transfer agreement.

17 (iii) The transfer agreement provides that all assets transferred  
18 to the nonprofit corporation *or county hospital*, and all assets  
19 accumulated by the corporation during the term of the transfer  
20 agreement arising out of, or from, the operation of the transferred  
21 assets, are to be transferred back to the district upon termination  
22 of the transfer agreement, including any extension of the transfer  
23 agreement.

24 (iv) The transfer agreement commits the nonprofit corporation  
25 *or county hospital* to operate and maintain the district's health care  
26 facilities and its assets for the benefit of the communities served  
27 by the district.

28 (v) The transfer agreement requires that any funds received  
29 from the district at the outset of the agreement or any time  
30 thereafter during the term of the agreement be used only to reduce  
31 district indebtedness, to acquire needed equipment for the district  
32 health care facilities, to operate, maintain, and make needed capital  
33 improvements to the district's health care facilities, to provide  
34 supplemental health care services or facilities for the communities  
35 served by the district, or to conduct other activities that would  
36 further a valid public purpose if undertaken directly by the district.

37 (B) A transfer of 10 percent or more but less than 50 percent of  
38 the district's assets, in sum or by increment, pursuant to this  
39 paragraph shall be deemed to be for the benefit of the communities  
40 served by the district only if both of the following occur:

1 (i) The transfer agreement and all arrangements necessary  
2 thereto are fully discussed in advance of the district board decision  
3 to transfer the assets of the district in at least two properly noticed  
4 open and public meetings in compliance with Section 32106 and  
5 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
6 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

7 (ii) The transfer agreement meets all of the requirements of  
8 clauses (iii) to (v), inclusive, of subparagraph (A).

9 (C) Before the district transfers, pursuant to this paragraph, 50  
10 percent or more of the district's assets to one or more nonprofit  
11 corporations, in sum or by increment, the elected board shall, by  
12 resolution, submit to the voters of the district a measure proposing  
13 the transfer. *Before the district transfers, pursuant to this*  
14 *paragraph, an emergency or urgent care department of a general*  
15 *acute care hospital, in sum or by increment, the elected board*  
16 *shall, by resolution, submit to the voters of the district a measure*  
17 *proposing the transfer.* The measure shall be placed on the ballot  
18 of a special election held upon the request of the district or the  
19 ballot of the next regularly scheduled election occurring at least  
20 88 days after the resolution of the board. If a majority of the voters  
21 voting on the measure vote in its favor, the transfer shall be  
22 approved. The campaign disclosure requirements applicable to  
23 local measures provided under Chapter 4 (commencing with  
24 Section 84100) of Title 9 of the Government Code shall apply to  
25 this election.

26 (D) Notwithstanding the other provisions of this paragraph, a  
27 hospital district shall not transfer any portion of its assets to a  
28 private nonprofit organization that is owned or controlled by a  
29 religious creed, church, or sectarian denomination in the absence  
30 of adequate consideration.

31 (3) If the district board has previously transferred less than 50  
32 percent of the district's assets pursuant to this subdivision, before  
33 any additional assets are transferred, the board shall hold a public  
34 hearing and shall make a public determination that the additional  
35 assets to be transferred will not, in combination with any assets  
36 previously transferred, equal 50 percent or more of the total assets  
37 of the district.

38 (4) The amendments to this subdivision made during the  
39 1991–92 Regular Session, and the amendments made to this  
40 subdivision and to Section 32126 made during the 1993–94 Regular

1 Session, shall only apply to transfers made on or after the effective  
2 dates of the acts amending this subdivision. The amendments to  
3 this subdivision made during those sessions shall not apply to  
4 either of the following:

5 (A) A district that has discussed and adopted a board resolution  
6 prior to September 1, 1992, that authorizes the development of a  
7 business plan for an integrated delivery system.

8 (B) A lease agreement, transfer agreement, or both between a  
9 district and a nonprofit corporation that were in full force and effect  
10 as of September 1, 1992, for as long as that lease agreement,  
11 transfer agreement, or both remain in full force and effect.

12 (5) Notwithstanding paragraph (4), if substantial amendments  
13 are proposed to be made to a transfer agreement described in  
14 subparagraph (A) or (B) of paragraph (4), the amendments shall  
15 be fully discussed in advance of the district board's decision to  
16 adopt the amendments in at least two properly noticed open and  
17 public meetings in compliance with Section 32106 and the Ralph  
18 M. Brown Act (Chapter 9 (commencing with Section 54950) of  
19 Part 1 of Division 2 of Title 5 of the Government Code).

20 (6) Notwithstanding paragraphs (4) and (5), a transfer agreement  
21 described in subparagraph (A) or (B) of paragraph (4) that provided  
22 for the transfer of less than 50 percent of a district's assets shall  
23 be subject to the requirements of this subdivision when subsequent  
24 amendments to that transfer agreement would result in the transfer,  
25 in sum or by increment, of 50 percent or more of a district's assets  
26 to the nonprofit corporation.

27 (7) For purposes of this subdivision, a "transfer" means the  
28 transfer of ownership of the assets of a district. A lease of the real  
29 property or the tangible personal property of a district shall not be  
30 subject to this subdivision except as specified in Section 32121.4  
31 and as required under Section 32126.

32 (8) Districts that request a special election pursuant to paragraph  
33 (1) or (2) shall reimburse counties for the costs of that special  
34 election as prescribed pursuant to Section 10520 of the Elections  
35 Code.

36 (9) (A) Nothing in this section, including subdivision (j), shall  
37 be construed to permit a local district to obtain or be issued a single  
38 consolidated license to operate a separate physical plant as a skilled  
39 nursing facility or an intermediate care facility that is not located  
40 within the boundaries of the district.

1 (B) Notwithstanding subparagraph (A), Eastern Plumas Health  
 2 Care District may obtain and be issued a single consolidated license  
 3 to operate a separate physical plant as a skilled nursing facility or  
 4 an intermediate care facility that is located on the campus of the  
 5 Sierra Valley District Hospital. This subparagraph shall have no  
 6 application to any other district and is intended only to address the  
 7 urgent need to preserve skilled nursing or intermediate care services  
 8 within the rural County of Sierra.

9 (C) Subparagraph (B) shall only remain operative until the Sierra  
 10 Valley District Hospital is annexed by the Eastern Plumas Health  
 11 Care District. In no event shall the Eastern Plumas Health Care  
 12 District increase the number of licensed beds at the Sierra Valley  
 13 District Hospital during the operative period of subparagraph (B).

14 (10) A transfer of any of the assets of a district to one or more  
 15 nonprofit corporations to operate and maintain the assets shall not  
 16 be required to meet paragraphs (1) to (9), inclusive, of this  
 17 subdivision if all of the following conditions apply at the time of  
 18 the transfer:

19 (A) The district has entered into a loan that is insured by the  
 20 State of California under Chapter 1 (commencing with Section  
 21 129000) of Part 6 of Division 107.

22 (B) The district is in default of its loan obligations, as determined  
 23 by the Office of Statewide Health Planning and Development.

24 (C) The Office of Statewide Health Planning and Development  
 25 and the district, in their best judgment, agree that the transfer of  
 26 some or all of the assets of the district to a nonprofit corporation  
 27 or corporations is necessary to cure the default, and will obviate  
 28 the need for foreclosure. This cure of default provision shall be  
 29 applicable prior to the office foreclosing on district hospital assets.  
 30 After the office has foreclosed on district hospital assets, or  
 31 otherwise taken possession in accordance with law, the office may  
 32 exercise all of its powers to deal with and dispose of hospital  
 33 property.

34 (D) The transfer and all arrangements necessary thereto are  
 35 discussed in advance of the transfer in at least one properly noticed  
 36 open and public meeting in compliance with Section 32106 and  
 37 the Ralph M. Brown Act (Chapter 9 (commencing with Section  
 38 54950) of Part 1 of Division 2 of Title 5 of the Government Code).  
 39 The meeting referred to in this paragraph shall be noticed and held  
 40 within 90 days of notice in writing to the district by the office of

1 an event of default. If the meeting is not held within this 90-day  
2 period, the district shall be deemed to have waived this requirement  
3 to have a meeting.

4 (11) If a transfer under paragraph (10) is a lease, the lease shall  
5 provide that the assets shall revert to the district at the conclusion  
6 of the leasehold interest. If the transfer is a sale, the proceeds shall  
7 be used first to retire the obligation insured by the office, then to  
8 retire any other debts of the district. After providing for debts, any  
9 remaining funds shall revert to the district.

10 (12) A health care district shall report to the Attorney General,  
11 within 30 days of any transfer of district assets to one or more  
12 nonprofit or for-profit corporations, the type of transaction and the  
13 entity to whom the assets were transferred or leased.

14 (q) To contract for bond insurance, letters of credit, remarketing  
15 services, and other forms of credit enhancement and liquidity  
16 support for its bonds, notes, and other indebtedness and to enter  
17 into reimbursement agreements, monitoring agreements,  
18 remarketing agreements, and similar ancillary contracts in  
19 connection therewith.

20 (r) To establish, maintain, operate, participate in, or manage  
21 capitated health care service plans, health maintenance  
22 organizations, preferred provider organizations, and other managed  
23 health care systems and programs properly licensed by the  
24 Department of Insurance or the Department of Managed Care, at  
25 any location within or without the district for the benefit of  
26 residents of communities served by the district. However, that  
27 activity shall not be deemed to result in, or constitute, the giving  
28 or lending of the district's credit, assets, surpluses, cash, or tangible  
29 goods to, or in aid of, any person, association, or corporation in  
30 violation of Section 6 of Article XVI of the California Constitution.

31 Nothing in this section shall be construed to authorize activities  
32 that corporations and other artificial legal entities are prohibited  
33 from conducting by Section 2400 of the Business and Professions  
34 Code.

35 Any agreement to provide health care coverage that is a health  
36 care service plan, as defined in subdivision (f) of Section 1345,  
37 shall be subject to Chapter 2.2 (commencing with Section 1340)  
38 of Division 2, unless exempted pursuant to Section 1343 or 1349.2.

39 A district shall not provide health care coverage for any  
40 employee of an employer operating within the communities served

1 by the district, unless the Legislature specifically authorizes, or  
2 has authorized in this section or elsewhere, the coverage.

3 Nothing in this section shall be construed to authorize any district  
4 to contribute its facilities to any joint venture that could result in  
5 transfer of the facilities from district ownership.

6 (s) To provide health care coverage to members of the district's  
7 medical staff, employees of the medical staff members, and the  
8 dependents of both groups, on a self-pay basis.

9 (t) This section shall become operative on January 1, 2011.

10 SECTION 1. ~~Section 101850 of the Health and Safety Code~~  
11 ~~is amended to read:~~

12 ~~101850. The Legislature finds and declares the following:~~

13 ~~(a) (1) Due to the challenges facing the Alameda County~~  
14 ~~Medical Center arising from changes in the public and private~~  
15 ~~health industries, the Alameda County Board of Supervisors has~~  
16 ~~determined that a transfer of governance of the Alameda County~~  
17 ~~Medical Center to an independent governing body, a hospital~~  
18 ~~authority, is needed to improve the efficiency, effectiveness, and~~  
19 ~~economy of the community health services provided at the medical~~  
20 ~~center. The board of supervisors has further determined that the~~  
21 ~~creation of an independent hospital authority strictly and~~  
22 ~~exclusively dedicated to the management, administration, and~~  
23 ~~control of the medical center, in a manner consistent with the~~  
24 ~~county's obligations under Section 17000 of the Welfare and~~  
25 ~~Institutions Code, is the best way to fulfill its commitment to the~~  
26 ~~medically indigent, special needs, and general populations of~~  
27 ~~Alameda County. To accomplish this, it is necessary that the board~~  
28 ~~of supervisors be given authority to create a hospital authority.~~  
29 ~~Because there is no general law under which this authority could~~  
30 ~~be formed, the adoption of a special act and the formation of a~~  
31 ~~special authority is required.~~

32 ~~(2) The following definitions shall apply for purposes of this~~  
33 ~~section:~~

34 ~~(A) "The county" means the County of Alameda.~~

35 ~~(B) "Governing board" means the governing body of the hospital~~  
36 ~~authority.~~

37 ~~(C) "Hospital authority" means the separate public agency~~  
38 ~~established by the Board of Supervisors of Alameda County to~~  
39 ~~manage, administer, and control the Alameda County Medical~~  
40 ~~Center.~~

1 ~~(D) “Medical center” means the Alameda County Medical~~  
2 ~~Center.~~

3 ~~(b) The board of supervisors of the county may, by ordinance,~~  
4 ~~establish a hospital authority within the county, but separate and~~  
5 ~~apart from the county, for the purpose of effecting a transfer of~~  
6 ~~the management, administration, and control of the medical center~~  
7 ~~in accordance with Section 14000.2 of the Welfare and Institutions~~  
8 ~~Code. A hospital authority established pursuant to this chapter~~  
9 ~~shall be strictly and exclusively dedicated to the management,~~  
10 ~~administration, and control of the medical center within parameters~~  
11 ~~set forth in this chapter, and in the ordinance, bylaws, and contracts~~  
12 ~~adopted by the board of supervisors which shall not be in conflict~~  
13 ~~with this chapter, Section 1442.5 of this code, or Section 17000~~  
14 ~~of the Welfare and Institutions Code.~~

15 ~~(c) A hospital authority established pursuant to this chapter shall~~  
16 ~~be governed by a board that is appointed, both initially and~~  
17 ~~continually, by the Board of Supervisors of the County of Alameda.~~  
18 ~~This hospital authority governing board shall reflect both the~~  
19 ~~expertise necessary to maximize the quality and scope of care at~~  
20 ~~the medical center in a fiscally responsible manner and the diverse~~  
21 ~~interest that the medical center serves. The enabling ordinance~~  
22 ~~shall specify the membership of the hospital authority governing~~  
23 ~~board, the qualifications for individual members, the manner of~~  
24 ~~appointment, selection, or removal of governing board members,~~  
25 ~~their terms of office, and all other matters that the board of~~  
26 ~~supervisors deems necessary or convenient for the conduct of the~~  
27 ~~hospital authority’s activities.~~

28 ~~(d) The mission of the hospital authority shall be the~~  
29 ~~management, administration, and other control, as determined by~~  
30 ~~the board of supervisors, of the group of public hospitals, clinics,~~  
31 ~~and programs that comprise the medical center, in a manner that~~  
32 ~~ensures appropriate, quality, and cost-effective medical care as~~  
33 ~~required of counties by Section 17000 of the Welfare and~~  
34 ~~Institutions Code, and, to the extent feasible, other populations,~~  
35 ~~including special populations in Alameda County.~~

36 ~~(e) The board of supervisors shall adopt bylaws for the medical~~  
37 ~~center that set forth those matters related to the operation of the~~  
38 ~~medical center by the hospital authority that the board of~~  
39 ~~supervisors deems necessary and appropriate. The bylaws shall~~  
40 ~~become operative upon approval by a majority vote of the board~~

1 of supervisors. Any changes or amendments to the bylaws shall  
2 be by majority vote of the board of supervisors.

3 (f) The hospital authority created and appointed pursuant to this  
4 section is a duly constituted governing body within the meaning  
5 of Section 1250 and Section 70035 of Title 22 of the California  
6 Code of Regulations as currently written or subsequently amended.

7 (g) Unless otherwise provided by the board of supervisors by  
8 way of resolution, the hospital authority is empowered, or the  
9 board of supervisors is empowered on behalf of the hospital  
10 authority, to apply as a public agency for one or more licenses for  
11 the provision of health care pursuant to statutes and regulations  
12 governing licensing as currently written or subsequently amended.

13 (h) In the event of a change of license ownership, the governing  
14 body of the hospital authority shall comply with the obligations  
15 of governing bodies of general acute care hospitals generally as  
16 set forth in Section 70701 of Title 22 of the California Code of  
17 Regulations, as currently written or subsequently amended, as well  
18 as the terms and conditions of the license. The hospital authority  
19 shall be the responsible party with respect to compliance with these  
20 obligations, terms, and conditions.

21 (i) (1) Any transfer by the county to the hospital authority of  
22 the administration, management, and control of the medical center,  
23 whether or not the transfer includes the surrendering by the county  
24 of the existing general acute care hospital license and corresponding  
25 application for a change of ownership of the license, shall not  
26 affect the eligibility of the county, or in the case of a change of  
27 license ownership, the hospital authority, to do any of the  
28 following:

29 (A) Participate in, and receive allocations pursuant to, the  
30 California Healthcare for the Indigent Program (CHIP).

31 (B) Receive supplemental reimbursements from the Emergency  
32 Services and Supplemental Payments Fund created pursuant to  
33 Section 14085.6 of the Welfare and Institutions Code.

34 (C) Receive appropriations from the Medi-Cal Inpatient Payment  
35 Adjustment Fund without relieving the county of its obligation to  
36 make intergovernmental transfer payments related to the Medi-Cal  
37 Inpatient Payment Adjustment Fund pursuant to Section 14163 of  
38 the Welfare and Institutions Code.

39 (D) Receive Medi-Cal capital supplements pursuant to Section  
40 14085.5 of the Welfare and Institutions Code.

1 ~~(E) Receive any other funds that would otherwise be available~~  
2 ~~to a county hospital.~~

3 ~~(2) Any transfer described in paragraph (1) shall not otherwise~~  
4 ~~disqualify the county, or in the case of a change in license~~  
5 ~~ownership, the hospital authority, from participating in any of the~~  
6 ~~following:~~

7 ~~(A) Other funding sources either specific to county hospitals or~~  
8 ~~county ambulatory care clinics or for which there are special~~  
9 ~~provisions specific to county hospitals or to county ambulatory~~  
10 ~~care clinics.~~

11 ~~(B) Funding programs in which the county, on behalf of the~~  
12 ~~medical center and the Alameda County Health Care Services~~  
13 ~~Agency, had participated prior to the creation of the hospital~~  
14 ~~authority, or would otherwise be qualified to participate in had the~~  
15 ~~hospital authority not been created, and administration,~~  
16 ~~management, and control not been transferred by the county to the~~  
17 ~~hospital authority, pursuant to this chapter.~~

18 ~~(j) A hospital authority created pursuant to this chapter shall be~~  
19 ~~a legal entity separate and apart from the county and shall file the~~  
20 ~~statement required by Section 53051 of the Government Code.~~  
21 ~~The hospital authority shall be a government entity separate and~~  
22 ~~apart from the county, and shall not be considered to be an agency,~~  
23 ~~division, or department of the county. The hospital authority shall~~  
24 ~~not be governed by, nor be subject to, the charter of the county~~  
25 ~~and shall not be subject to policies or operational rules of the~~  
26 ~~county, including, but not limited to, those relating to personnel~~  
27 ~~and procurement.~~

28 ~~(k) (1) Any contract executed by and between the county and~~  
29 ~~the hospital authority shall provide that liabilities or obligations~~  
30 ~~of the hospital authority with respect to its activities pursuant to~~  
31 ~~the contract shall be the liabilities or obligations of the hospital~~  
32 ~~authority, and shall not become the liabilities or obligations of the~~  
33 ~~county.~~

34 ~~(2) Any liabilities or obligations of the hospital authority with~~  
35 ~~respect to the liquidation or disposition of the hospital authority's~~  
36 ~~assets upon termination of the hospital authority shall not become~~  
37 ~~the liabilities or obligations of the county.~~

38 ~~(3) Any obligation of the hospital authority, statutory,~~  
39 ~~contractual, or otherwise, shall be the obligation solely of the~~

1 hospital authority and shall not be the obligation of the county or  
2 the state.

3 ~~(l) (1) Notwithstanding any other provision of this section, any~~  
4 ~~transfer of the administration, management, or assets of the medical~~  
5 ~~center, whether or not accompanied by a change in licensing, shall~~  
6 ~~not relieve the county of the ultimate responsibility for indigent~~  
7 ~~care pursuant to Section 17000 of the Welfare and Institutions~~  
8 ~~Code or any obligation pursuant to Section 1442.5 of this code.~~

9 ~~(2) Any contract executed by and between the county and the~~  
10 ~~hospital authority shall provide for the indemnification of the~~  
11 ~~county by the hospital authority for liabilities as specifically set~~  
12 ~~forth in the contract, except that the contract shall include a~~  
13 ~~provision that the county shall remain liable for its own negligent~~  
14 ~~acts.~~

15 ~~(3) Indemnification by the hospital authority shall not be~~  
16 ~~construed as divesting the county from its ultimate responsibility~~  
17 ~~for compliance with Section 17000 of the Welfare and Institutions~~  
18 ~~Code.~~

19 ~~(m) Notwithstanding the provisions of this section relating to~~  
20 ~~the obligations and liabilities of the hospital authority, a transfer~~  
21 ~~of control or ownership of the medical center shall confer onto the~~  
22 ~~hospital authority all the rights and duties set forth in state law~~  
23 ~~with respect to hospitals owned or operated by a county.~~

24 ~~(n) (1) A transfer of the maintenance, operation, and~~  
25 ~~management or ownership of the medical center to the hospital~~  
26 ~~authority shall comply with the provisions of Section 14000.2 of~~  
27 ~~the Welfare and Institutions Code.~~

28 ~~(2) A transfer of maintenance, operation, and management or~~  
29 ~~ownership to the hospital authority may be made with or without~~  
30 ~~the payment of a purchase price by the hospital authority and~~  
31 ~~otherwise upon the terms and conditions that the parties may~~  
32 ~~mutually agree, which terms and conditions shall include those~~  
33 ~~found necessary by the board of supervisors to ensure that the~~  
34 ~~transfer will constitute an ongoing material benefit to the county~~  
35 ~~and its residents.~~

36 ~~(3) A transfer of the maintenance, operation, and management~~  
37 ~~to the hospital authority shall not be construed as empowering the~~  
38 ~~hospital authority to transfer any ownership interest of the county~~  
39 ~~in the medical center except as otherwise approved by the board~~  
40 ~~of supervisors.~~

1 ~~(o) The board of supervisors shall retain control over the use of~~  
2 ~~the medical center physical plant and facilities except as otherwise~~  
3 ~~specifically provided for in lawful agreements entered into by the~~  
4 ~~board of supervisors. Any lease agreement or other agreement~~  
5 ~~between the county and the hospital authority shall provide that~~  
6 ~~county premises shall not be sublet without the approval of the~~  
7 ~~board of supervisors.~~

8 ~~(p) The statutory authority of a board of supervisors to prescribe~~  
9 ~~rules that authorize a county hospital to integrate its services with~~  
10 ~~those of other hospitals into a system of community service that~~  
11 ~~offers free choice of hospitals to those requiring hospital care, as~~  
12 ~~set forth in Section 14000.2 of the Welfare and Institutions Code,~~  
13 ~~shall apply to the hospital authority upon a transfer of maintenance,~~  
14 ~~operation, and management or ownership of the medical center by~~  
15 ~~the county to the hospital authority.~~

16 ~~(q) The hospital authority shall have the power to acquire and~~  
17 ~~possess real or personal property and may dispose of real or~~  
18 ~~personal property other than that owned by the county, as may be~~  
19 ~~necessary for the performance of its functions. The hospital~~  
20 ~~authority shall have the power to sue or be sued, to employ~~  
21 ~~personnel, and to contract for services required to meet its~~  
22 ~~obligations.~~

23 ~~(r) Any agreement between the county and the hospital authority~~  
24 ~~shall provide that all existing services provided by the medical~~  
25 ~~center shall continue to be provided to the county through the~~  
26 ~~medical center subject to the policy of the county and consistent~~  
27 ~~with the county's obligations under Section 17000 of the Welfare~~  
28 ~~and Institutions Code.~~

29 ~~(s) A hospital authority to which the maintenance, operation,~~  
30 ~~and management or ownership of the medical center is transferred~~  
31 ~~shall be a "district" within the meaning set forth in the County~~  
32 ~~Employees Retirement Law of 1937 (Chapter 3 (commencing with~~  
33 ~~Section 31450) of Part 3 of Division 4 of Title 3 of the Government~~  
34 ~~Code). Employees of a hospital authority are eligible to participate~~  
35 ~~in the County Employees Retirement System to the extent~~  
36 ~~permitted by law.~~

37 ~~(t) Members of the governing board of the hospital authority~~  
38 ~~shall not be vicariously liable for injuries caused by the act or~~  
39 ~~omission of the hospital authority to the extent that protection~~

1 applies to members of governing boards of local public entities  
2 generally under Section 820.9 of the Government Code.  
3 (u) The hospital authority shall be a public agency subject to  
4 the Myers-Milias-Brown Act (Chapter 10 (commencing with  
5 Section 3500) of Division 4 of Title 1 of the Government Code).  
6 (v) Any transfer of functions from county employee  
7 classifications to a hospital authority established pursuant to this  
8 section shall result in the recognition by the hospital authority of  
9 the employee organization that represented the classifications  
10 performing those functions at the time of the transfer.  
11 (w) (1) In exercising its powers to employ personnel, as set  
12 forth in subdivision (p), the hospital authority shall implement,  
13 and the board of supervisors shall adopt, a personnel transition  
14 plan. The personnel transition plan shall require all of the  
15 following:  
16 (A) Ongoing communications to employees and recognized  
17 employee organizations regarding the impact of the transition on  
18 existing medical center employees and employee classifications.  
19 (B) Meeting and conferring on all of the following issues:  
20 (i) The timeframe for which the transfer of personnel shall occur.  
21 The timeframe shall be subject to modification by the board of  
22 supervisors as appropriate, but in no event shall it exceed one year  
23 from the effective date of transfer of governance from the board  
24 of supervisors to the hospital authority.  
25 (ii) A specified period of time during which employees of the  
26 county impacted by the transfer of governance may elect to be  
27 appointed to vacant positions with the Alameda County Health  
28 Care Services Agency for which they have tenure.  
29 (iii) A specified period of time during which employees of the  
30 county impacted by the transfer of governance may elect to be  
31 considered for reinstatement into positions with the county for  
32 which they are qualified and eligible.  
33 (iv) Compensation for vacation leave and compensatory leave  
34 accrued while employed with the county in a manner that grants  
35 affected employees the option of either transferring balances or  
36 receiving compensation to the degree permitted employees laid  
37 off from service with the county.  
38 (v) A transfer of sick leave accrued while employed with the  
39 county to hospital authority employment.

1 ~~(vi) The recognition by the hospital authority of service with~~  
2 ~~the county in determining the rate at which vacation accrues.~~

3 ~~(vii) The possible preservation of seniority, pensions, health~~  
4 ~~benefits, and other applicable accrued benefits of employees of~~  
5 ~~the county impacted by the transfer of governance.~~

6 ~~(2) Nothing in this subdivision shall be construed as prohibiting~~  
7 ~~the hospital authority from determining the number of employees,~~  
8 ~~the number of full-time equivalent positions, the job descriptions,~~  
9 ~~and the nature and extent of classified employment positions.~~

10 ~~(3) Employees of the hospital authority are public employees~~  
11 ~~for purposes of Division 3.6 (commencing with Section 810) of~~  
12 ~~Title 1 of the Government Code relating to claims and actions~~  
13 ~~against public entities and public employees.~~

14 ~~(x) Any hospital authority created pursuant to this section shall~~  
15 ~~be bound by the terms of the memorandum of understanding~~  
16 ~~executed by and between the county and health care and~~  
17 ~~management employee organizations that is in effect as of the date~~  
18 ~~this legislation becomes operative in the county. Upon the~~  
19 ~~expiration of the memorandum of understanding, the hospital~~  
20 ~~authority shall have sole authority to negotiate subsequent~~  
21 ~~memorandums of understanding with appropriate employee~~  
22 ~~organizations. Subsequent memorandums of understanding shall~~  
23 ~~be approved by the hospital authority.~~

24 ~~(y) The hospital authority created pursuant to this section may~~  
25 ~~borrow from the county and the county may lend the hospital~~  
26 ~~authority funds or issue revenue anticipation notes to obtain those~~  
27 ~~funds necessary to operate the medical center and otherwise provide~~  
28 ~~medical services.~~

29 ~~(z) The hospital authority shall be subject to state and federal~~  
30 ~~taxation laws that are applicable to counties generally.~~

31 ~~(aa) The hospital authority, the county, or both, may engage in~~  
32 ~~marketing, advertising, and promotion of the medical and health~~  
33 ~~care services made available to the community at the medical~~  
34 ~~center.~~

35 ~~(ab) The hospital authority shall not be a “person” subject to~~  
36 ~~suit under the Cartwright Act (Chapter 2 (commencing with Section~~  
37 ~~16700) of Part 2 of Division 7 of the Business and Professions~~  
38 ~~Code).~~

39 ~~(ac) Notwithstanding Article 4.7 (commencing with Section~~  
40 ~~1125) of Chapter 1 of Division 4 of Title 1 of the Government~~

1 Code related to incompatible activities, no member of the hospital  
2 authority administrative staff shall be considered to be engaged in  
3 activities inconsistent and incompatible with his or her duties as  
4 a result of employment or affiliation with the county.

5 ~~(ad) (1) The hospital authority may use a computerized~~  
6 ~~management information system in connection with the~~  
7 ~~administration of the medical center.~~

8 ~~(2) Information maintained in the management information~~  
9 ~~system or in other filing and records maintenance systems that is~~  
10 ~~confidential and protected by law shall not be disclosed except as~~  
11 ~~provided by law.~~

12 ~~(3) The records of the hospital authority, whether paper records,~~  
13 ~~records maintained in the management information system, or~~  
14 ~~records in any other form, that relate to trade secrets or to payment~~  
15 ~~rates or the determination thereof, or which relate to contract~~  
16 ~~negotiations with providers of health care, shall not be subject to~~  
17 ~~disclosure pursuant to the California Public Records Act (Chapter~~  
18 ~~5 (commencing with Section 6250) of Division 7 of Title 1 of the~~  
19 ~~Government Code). The transmission of the records, or the~~  
20 ~~information contained therein in an alternative form, to the board~~  
21 ~~of supervisors shall not constitute a waiver of exemption from~~  
22 ~~disclosure, and the records and information once transmitted shall~~  
23 ~~be subject to this same exemption. The information, if compelled~~  
24 ~~pursuant to an order of a court of competent jurisdiction or~~  
25 ~~administrative body in a manner permitted by law, shall be limited~~  
26 ~~to in-camera review, which, at the discretion of the court, may~~  
27 ~~include the parties to the proceeding, and shall not be made a part~~  
28 ~~of the court file unless sealed.~~

29 ~~(ae) (1) Notwithstanding any other law, the governing board~~  
30 ~~may order that a meeting held solely for the purpose of discussion~~  
31 ~~or taking action on hospital authority trade secrets, as defined in~~  
32 ~~subdivision (d) of Section 3426.1 of the Civil Code, shall be held~~  
33 ~~in closed session. The requirements of making a public report of~~  
34 ~~actions taken in closed session and the vote or abstention of every~~  
35 ~~member present may be limited to a brief general description~~  
36 ~~devoid of the information constituting the trade secret.~~

37 ~~(2) The governing board may delete the portion or portions~~  
38 ~~containing trade secrets from any documents that were finally~~  
39 ~~approved in the closed session that are provided to persons who~~  
40 ~~have made the timely or standing request.~~

1 ~~(3) Nothing in this section shall be construed as preventing the~~  
2 ~~governing board from meeting in closed session as otherwise~~  
3 ~~provided by law.~~

4 ~~(af) Open sessions of the hospital authority shall constitute~~  
5 ~~official proceedings authorized by law within the meaning of~~  
6 ~~Section 47 of the Civil Code. The privileges set forth in that section~~  
7 ~~with respect to official proceedings shall apply to open sessions~~  
8 ~~of the hospital authority.~~

9 ~~(ag) The hospital authority shall be a public agency for purposes~~  
10 ~~of eligibility with respect to grants and other funding and loan~~  
11 ~~guarantee programs. Contributions to the hospital authority shall~~  
12 ~~be tax deductible to the extent permitted by state and federal law.~~  
13 ~~Nonproprietary income of the hospital authority shall be exempt~~  
14 ~~from state income taxation.~~

15 ~~(ah) Contracts by and between the hospital authority and the~~  
16 ~~state and contracts by and between the hospital authority and~~  
17 ~~providers of health care, goods, or services may be let on a nonbid~~  
18 ~~basis and shall be exempt from Chapter 2 (commencing with~~  
19 ~~Section 10290) of Part 2 of Division 2 of the Public Contract Code.~~

20 ~~(ai) (1) Provisions of the Evidence Code, the Government Code,~~  
21 ~~including the Public Records Act (Chapter 5 (commencing with~~  
22 ~~Section 6250) of Division 7 of Title 1 of the Government Code),~~  
23 ~~the Civil Code, the Business and Professions Code, and other~~  
24 ~~applicable law pertaining to the confidentiality of peer review~~  
25 ~~activities of peer review bodies shall apply to the peer review~~  
26 ~~activities of the hospital authority. Peer review proceedings shall~~  
27 ~~constitute an official proceeding authorized by law within the~~  
28 ~~meaning of Section 47 of the Civil Code and those privileges set~~  
29 ~~forth in that section with respect to official proceedings shall apply~~  
30 ~~to peer review proceedings of the hospital authority. If the hospital~~  
31 ~~authority is required by law or contractual obligation to submit to~~  
32 ~~the state or federal government peer review information or~~  
33 ~~information relevant to the credentialing of a participating provider,~~  
34 ~~that submission shall not constitute a waiver of confidentiality.~~  
35 ~~The laws pertaining to the confidentiality of peer review activities~~  
36 ~~shall be together construed as extending, to the extent permitted~~  
37 ~~by law, the maximum degree of protection of confidentiality.~~

38 ~~(2) Notwithstanding any other law, Section 1461 shall apply to~~  
39 ~~hearings on the reports of hospital medical audit or quality~~  
40 ~~assurance committees.~~

1     ~~(aj) The hospital authority shall carry general liability insurance~~  
2     ~~to the extent sufficient to cover its activities.~~

3     ~~(ak) In the event the board of supervisors determines that the~~  
4     ~~hospital authority should no longer function for the purposes as~~  
5     ~~set forth in this chapter, the board of supervisors may, by ordinance,~~  
6     ~~terminate the activities of the hospital authority and expire the~~  
7     ~~hospital authority as an entity.~~

8     ~~(al) A hospital authority which is created pursuant to this section~~  
9     ~~but which does not obtain the administration, management, and~~  
10    ~~control of the medical center or which has those duties and~~  
11    ~~responsibilities revoked by the board of supervisors shall not be~~  
12    ~~empowered with the powers enumerated in this section.~~

13    ~~(am) (1) The county shall establish baseline data reporting~~  
14    ~~requirements for the medical center consistent with the Medically~~  
15    ~~Indigent Health Care Reporting System (MICRS) program~~  
16    ~~established pursuant to Section 16910 of the Welfare and~~  
17    ~~Institutions Code and shall collect that data for at least one year~~  
18    ~~prior to the final transfer of the medical center to the hospital~~  
19    ~~authority established pursuant to this chapter. The baseline data~~  
20    ~~shall include, but not be limited to, all of the following:~~

21    ~~(A) Inpatient days by facility by quarter.~~

22    ~~(B) Outpatient visits by facility by quarter.~~

23    ~~(C) Emergency room visits by facility by quarter.~~

24    ~~(D) Number of unduplicated users receiving services within the~~  
25    ~~medical center.~~

26    ~~(2) Upon transfer of the medical center, the county shall~~  
27    ~~establish baseline data reporting requirements for each of the~~  
28    ~~medical center inpatient facilities consistent with data reporting~~  
29    ~~requirements of the Office of Statewide Health Planning and~~  
30    ~~Development, including, but not limited to, monthly average daily~~  
31    ~~census by facility for all of the following:~~

32    ~~(A) Acute care, excluding newborns.~~

33    ~~(B) Newborns.~~

34    ~~(C) Skilled nursing facility, in a distinct part.~~

35    ~~(3) From the date of transfer of the medical center to the hospital~~  
36    ~~authority, the hospital authority shall provide the county with~~  
37    ~~quarterly reports specified in paragraphs (1) and (2) and any other~~  
38    ~~data required by the county. The county, in consultation with health~~  
39    ~~care consumer groups, shall develop other data requirements that~~  
40    ~~shall include, at a minimum, reasonable measurements of the~~

1 ~~changes in medical care for the indigent population of Alameda~~  
2 ~~County that result from the transfer of the administration,~~  
3 ~~management, and control of the medical center from the county~~  
4 ~~to the hospital authority.~~

5 ~~(an) A hospital authority established pursuant to this section~~  
6 ~~shall comply with Sections 53260 and 53261 of the Government~~  
7 ~~Code.~~

8 ~~(ao) A hospital authority established pursuant to this section~~  
9 ~~may impose a special tax pursuant to Article 3.5 (commencing~~  
10 ~~with Section 50075) of Chapter 1 of Part 1 of Division 1 of, and~~  
11 ~~consistent with Article 3.7 (commencing with Section 53720) of~~  
12 ~~Chapter 4 of Part 1 of Division 2 of, Title 5 of the Government~~  
13 ~~Code.~~