

Assembly Bill No. 276

CHAPTER 686

An act to add Chapter 2.5 (commencing with Section 101655) to Part 4 of Division 101 of the Health and Safety Code, relating to public health.

[Approved by Governor September 28, 2012. Filed with
Secretary of State September 28, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 276, Alejo. Central Coast Hospital Authority.

Existing law authorizes the board of supervisors of certain counties to establish a hospital authority for the management, administration, and control of certain medical facilities. Existing law authorizes the Board of Supervisors of the County of Monterey to establish a special health care authority with prescribed powers and duties.

This bill would authorize the Board of Supervisors of the County of Monterey to establish, by ordinance, the Central Coast Hospital Authority to manage, administer, and control the Natividad Medical Center and other health care facilities, as defined, in the county, as specified. This bill would prohibit establishing the hospital authority until the medical center affiliates or consolidates with at least one other health care facility, as specified. This bill would grant to the authority the duties, privileges, immunities, rights, liabilities, and limitations of a local unit of government within the state. This bill would also grant to the authority, among other things, the power to incur debt, borrow money, and issue bonds, as specified, and the power to request that the board of supervisors levy a tax on behalf of the authority, as prescribed. The bill would specify that the transfer to the authority of the management, administration, and control of the medical center and another health facility shall not affect the eligibility of the county or the governing board of another health care facility for, and shall authorize the authority to participate in and receive, various sources of funding, as specified.

This bill would provide various protections for the benefits of the permanent employees of the medical center. The bill would require the authority to contract with the Public Employees' Retirement System, as specified, and with exceptions, and would require the authority to maintain retirement benefits, as specified.

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

SECTION 1. Chapter 2.5 (commencing with Section 101655) is added to Part 4 of Division 101 of the Health and Safety Code, to read:

CHAPTER 2.5. CENTRAL COAST HOSPITAL AUTHORITY

Article 1. General Provisions

101655. This chapter shall be known and may be cited as the Central Coast Hospital Authority Act.

101656. The Legislature finds and declares the following:

(a) Natividad Medical Center, currently a constituent department of the County of Monterey, is a designated public hospital, as defined in subdivision (d) of Section 14166.1 of the Welfare and Institutions Code, and a critical component of the state's health care safety net.

(b) In an era of health care reform and a constantly evolving competitive health care environment, in order to carry out its mission of improving the health status of the people of the county through access to affordable, high-quality health care services, it is necessary that the medical center continues to improve its ability to function with flexibility, responsiveness, and innovation.

(c) The Board of Supervisors of the County of Monterey has determined that the needs of the citizens of the county would best be served if the medical center, while continuing as a designated public hospital and maintaining its mission, is affiliated or consolidated with one or more health care facilities in the County of Monterey and operated by a separate and distinct public hospital authority that is separate and apart from the county.

(d) The board of supervisors has also determined that the creation of a public hospital authority, to be charged with the management, administration, and control of the medical center as a designated public safety net hospital, and the affiliation or consolidation of the medical center with one or more health care facilities in the County of Monterey is the best way to fulfill the county's commitment to its residents, including the low income, medically indigent, and special needs populations of the county.

(e) Because there is no general law under which this public hospital authority could be formed for these purposes, the adoption of a special act and formation of a special authority by the Legislature are required, and the Board of Supervisors of the County of Monterey has requested that the Legislature act.

101657. For purposes of this chapter, the following definitions shall apply:

(a) "Authority" means the Central Coast Hospital Authority established pursuant to this chapter.

(b) "Board of supervisors" means the Board of Supervisors of the County of Monterey.

(c) "Board of trustees" means the governing body of the authority.

(d) "County" means the County of Monterey.

(e) "Governing board" means the governing body of any other health care facility, as defined in subdivision (g).

(f) “Medical center” means the Natividad Medical Center and related public health care programs, facilities, care organizations, and delivery systems that exist or are established by the board of trustees.

(g) “Other health care facility” or “other health care facilities” means one or more health care facilities, districts, or systems in the County of Monterey, including, but not limited to, general acute care hospitals, public hospital districts, and related health care programs, facilities, care organizations, and delivery systems, but does not include the medical center.

Article 2. Establishment of the Central Coast Hospital Authority

101658. (a) Pursuant to this chapter, the board of supervisors may establish, subject to the limitations of paragraph (1) of subdivision (c), the Central Coast Hospital Authority, which shall, for all purposes, be a public entity separate and apart from the county and any other public entity. The authority established pursuant to this chapter shall file the statement required by Section 53051 of the Government Code, and shall be considered a public entity for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code.

(b) (1) The purpose of the authority shall be to do all of the following:

(A) Provide management, administration, and other controls, consistent with this chapter, for the medical center to continue to serve as a designated public hospital and ensure the viability of the health care safety net in the county in a manner consistent with the county’s requirements under Section 17000 of the Welfare and Institutions Code.

(B) Provide management, administration, and other controls for the continued operation of one or more other health care facilities that may be affiliated or consolidated with the medical center pursuant to this chapter.

(2) Subject to the requirements of this chapter, the authority shall be charged with the management, administration, and control of the medical center, other health care facilities, and related services and facilities.

(c) (1) Except as specifically set forth in this chapter, the authority shall not be established, transact business, exercise powers, or undertake duties and responsibilities pursuant to this chapter until an agreement is reached to affiliate or consolidate the medical center with at least one other health care facility as set forth in this subdivision. In order for the authority to be established, transact any business, exercise its powers, or undertake its duties and responsibilities, the board of supervisors and at least one governing board shall reach agreement, on terms and conditions satisfactory to the parties, regarding the affiliation or consolidation. This agreement may include, but is not limited to, a transfer of the following:

(A) Real and personal property, and assets and liabilities from the county and the other health care facility to the authority.

(B) Employees from the county and the other health care facility to the authority.

(C) Maintenance, operation, and management or ownership of the medical center, in accordance with Section 14000.2 of the Welfare and Institutions Code.

(D) Maintenance, operation, and management or ownership of the other health care facility.

(E) Other matters that the board of supervisors and the governing board deem necessary or appropriate.

(2) If the board of supervisors and the governing board reach agreement on the matters set forth in this subdivision, the terms and conditions of the agreement shall be binding upon the authority. After the agreement is reached, the board of supervisors shall adopt an ordinance to establish the authority and authorize the authority to exercise the powers and duties pursuant to this chapter, and the board of supervisors and the governing board shall appoint a board of trustees as set forth in Section 101659. The agreement set forth in this section may be amended from time to time upon the mutual consent of the authority and the governing board or the board of supervisors, or both, as appropriate.

(3) (A) The agreement shall provide that upon the effective date of the establishment ordinance described in paragraph (2), the authority shall do all of the following:

(i) Take title to all assets associated with the medical center, including, but not limited to, all real and personal property, funded pension assets, and accounts receivable.

(ii) Assume, or immediately extinguish, defease, or satisfy, all obligations and liabilities directly or indirectly associated with the medical center, including, but not limited to, related or associated debt, accounts payable, accrued liabilities, unfunded pension liabilities, or financial or contractual obligations of any kind.

(iii) Take any other actions necessary so that the county has no continuing financial obligation or responsibility with respect to the authority or its operations.

(B) A contract between the authority and the Public Employees' Retirement System shall be a separate contract and not a joint contract with the county.

(C) The authority's funds shall not remain or be kept on deposit with the county, or otherwise be in the custody or control of the county, and the authority shall not be permitted to deposit funds with the county, including within the county's treasury investment pool.

(D) The contractual provisions described in this paragraph are mandatory.

(d) An agreement concerning the transfer of personnel shall include a transition plan that requires all the following:

(1) Ongoing communication to employees and recognized employee organizations regarding the impact of the transition on existing medical center and other health care facility employees and employee classifications.

(2) Meeting and conferring by the county and the other health care facility with affected employee bargaining units on both of the following issues:

(A) The timeframe for which the transfer of personnel shall occur.

(B) A specified period of time during which employees of the county affected by the establishment of the authority may elect to be considered for appointment to vacant positions, and exercise reinstatement rights, for which they are qualified and eligible. An employee who first elects to remain with the county, but who subsequently seeks employment with the authority within 30 days of this election, shall be subject to the requirements of this article.

(3) Acknowledgment that the authority, to the extent permitted by federal law, shall be bound by the terms of the memoranda of understanding executed between the county and its exclusive employee representatives that are or will be in effect as of the date the county adopts the ordinance pursuant to this article. Subsequent memoranda of understanding shall be subject to approval only by the authority.

(e) (1) Notwithstanding any other provision of this chapter, and whether or not accompanied by a change in licensing, an agreement for the maintenance, operation, and management or ownership of the medical center shall not relieve the county of the ultimate responsibility for indigent care pursuant to Section 14000.2 of the Welfare and Institutions Code.

(2) An agreement for the maintenance, operation, and management or ownership of the medical center shall conform to the following requirements:

(A) Shall comply with Section 14000.2 of the Welfare and Institutions Code.

(B) May be made upon the terms and conditions that the board of supervisors and governing board may mutually agree, including those terms and conditions found necessary by the board of supervisors to ensure that the transfer of the medical center shall constitute an ongoing benefit to the county and its residents.

(C) Shall provide that the county shall ensure that any applicable requirements of Section 1442.5 are met.

(3) An agreement for the maintenance, operation, and management or ownership of the other health care facility may be made upon the terms and conditions that the board of supervisors and the governing board may mutually agree, including those terms and conditions found necessary by the governing board to ensure that the transfer shall constitute an ongoing benefit to the other health care facility and its constituents.

(f) The authority shall not be subject to the jurisdiction of a local agency formation commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code), or any successor statute.

101659. (a) Permanent employees of the medical center on the effective date of affiliation shall be deemed qualified for employment or retention and no other qualifications shall be required. Probationary employees on the effective date of affiliation shall retain their probationary status and rights and shall not be deemed to have transferred so as to require serving a new probationary period.

(b) Employment seniority of an employee of the medical center on the effective date of affiliation shall be counted toward seniority in the authority.

The authority shall provide for the maintenance of benefits that accompany seniority, including, but not limited to, preference in vacations and scheduling, when applicable. All time spent in the same, equivalent, or higher classification shall be counted toward classification seniority.

(c) The implementation of this chapter shall not be a cause for the modification of the level of medical center employment benefits. Upon consolidation or affiliation of the medical center with at least one other health care facility, employees who serve or work for the medical center immediately prior to the implementation of this chapter shall retain their existing or equivalent classifications and job descriptions upon transfer to the authority, comparable pension benefits, and at least their existing salaries and other benefits that include, but are not limited to, accrued and unused vacation, sick leave, personal leave, health care, retiree health benefits, and deferred compensation plans.

(d) Subject to subdivision (h), and to the extent permitted by federal law, the authority shall contract with the Public Employees' Retirement System, consistent with the requirements of Section 20508 and other applicable provisions of Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code, for the purpose of providing membership in the Public Employees' Retirement System for authority employees. If the authority contracts with the Public Employees' Retirement System, the authority, to the extent permitted by federal law, shall provide for the continued membership of medical center employees in the Public Employees' Retirement System. If permitted under federal law, the authority and the employees' exclusive representatives may mutually agree to terminate any contract that the authority enters into with the Public Employees' Retirement System, and mutually agree to an alternative pension plan.

(e) Any transfer of functions from county employee classifications to authority employees established pursuant to this article shall result in the recognition by the hospital authority of the exclusive representative of the classifications performing those functions at the time of transfer.

(f) In order to stabilize labor and employment relations and provide continuity of care and services to the people of the county, and notwithstanding any other provision of law, the authority shall do all of the following for 24 months after the term end date of any medical center memorandum of understanding in existence when the county establishes the authority:

(1) Continue to recognize each exclusive representative of each bargaining unit.

(2) Continue to provide at least the same level of employee benefits to authority employees, who were medical center employees, that had been provided to these employees, whether these benefits arise out of a memorandum of understanding or other agreement or law.

(3) Roll over and continue to be bound by any existing medical center memorandum of understanding or agreement covering the terms and conditions, including the level of wages and benefits, of those employees for 24 months after the term end date of any memorandum of agreement,

unless modified by mutual agreement with each of the exclusive representatives, and only to the extent that continuing to provide those pension benefits specified in any memorandum of understanding does not conflict with any Public Employees' Retirement System regulation or federal law. Any conflicts in the existing agreements as to wages and other terms and conditions of employment shall be resolved only by mutual agreement between the authority and each of the exclusive representatives.

(g) Except as provided in the transfer agreement described in subdivision (d) of Section 101658, subdivision (m) of Section 101661, and this section, nothing in this chapter shall be construed as prohibiting the authority from determining the number of employees, the number of full-time equivalent positions, job descriptions, the nature and extent of classified employment positions, and salaries of employees.

(h) Notwithstanding any other law, the authority and employees of the authority shall not participate in the Public Employees' Retirement System if the Board of Administration of the Public Employees' Retirement System, in its sole discretion, determines that their participation could jeopardize the Public Employees' Retirement System's tax-qualified or governmental plan status under federal law.

Article 3. Board of Trustees

101660. (a) The authority shall be governed by a board of trustees. The trustees shall reflect both the expertise necessary to maximize the quality and scope of care at the medical center and the other health care facility in a fiscally responsible manner and the communities of interest that the medical center and the other health care facility serve. The board of trustees shall have the responsibility to operate the medical center and the other health care facility in a manner that ensures the provision of appropriate, quality, and cost-effective medical care through the development of innovative delivery systems, care arrangements, and contractual agreements that provide access to affordable, high-quality health care services.

(b) (1) The board of trustees shall consist of the following nine members:

(A) Three trustees appointed for two-year terms, of which the governing board shall appoint two and the board of supervisors shall appoint one.

(B) Three trustees appointed for three-year terms, of which the governing board shall appoint one and the board of supervisors shall appoint two.

(C) Three trustees appointed for four-year terms, of which the governing board shall appoint one and the board of supervisors shall appoint two.

(2) After the board of trustees is appointed, the governing board and board of supervisors shall continue to make appointments to those trustee positions for which they each made initial appointments. The board of supervisors and the governing board may each remove their respective appointees, upon a majority vote, only for cause. If the governing board ceases to exist at any time, the appointing authority set forth in this subdivision shall be exercised solely by the board of supervisors. If a vacancy

exists for any reason on the board of trustees, the appointing authority for that trustee shall make an appointment to fill out the remainder of the term of the vacant trustee position.

(3) Notwithstanding paragraphs (1) and (2), either during or after the formation of the authority, the board of supervisors and each governing board that has appointing authority may modify the number, length of terms, and appointing authority of the board of trustees by means of the agreement entered into pursuant to subdivision (c) of Section 101658 or amendment to the agreement, or both, by the county and the governing board that participated in the formation of the authority, if in existence after this formation, and the governing board of any other health care facility that becomes affiliated or merged with the authority, if the following conditions are met:

(A) The board of trustees consists of at least five members.

(B) The board of trustees includes appointees of the board of supervisors and each existing governing board. If no governing board exists, the board of trustees and the board of supervisors, acting as the appointing authority pursuant to paragraph (2), may agree to modify the number or length of terms of the board of trustees.

(c) The board of trustees shall adopt bylaws for the authority that, among other things, shall specify the officers of the board of trustees, the time, place, and conduct of meetings, and other matters that the board of trustees deems necessary or appropriate to conduct the authority's activities. The bylaws shall be operative upon approval by a majority vote of the board of trustees, but may be amended, from time to time, by a majority vote of the board of trustees.

(d) The board of trustees created and appointed pursuant to this chapter is a duly constituted governing body as used in Section 1250 and Section 70035 of Title 22 of the California Code of Regulations.

Article 4. Powers and Duties of the Authority

101661. (a) The authority, in addition to any other powers granted to the authority pursuant to this chapter, shall have the following powers:

(1) To have the duties, privileges, immunities, rights, liabilities, and limitations of a local unit of government within the state.

(2) To have perpetual existence.

(3) To adopt, have, and use a seal, and to alter it at its pleasure.

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

(5) To purchase, lease, trade, exchange, or otherwise acquire, maintain, hold, improve, mortgage, lease, sell, and dispose of real and personal property of any kind necessary or convenient to perform its functions and fully exercise its powers.

(6) To appoint and employ a chief executive officer and other officers and employees that may be necessary or appropriate, including legal counsel,

to establish their compensation, provide for their health, retirement, and other employment benefits, and to define the power and duties of officers and employees.

(7) (A) To incur indebtedness and to borrow money and issue bonds evidencing the same, including the authority to issue, from time to time, notes and revenue bonds in principal amounts that the authority determines to be necessary to provide sufficient funds for achieving any of its purposes, including, but not limited to, assumption or refinancing of debt service for capital projects eligible for Medi-Cal supplemental payments pursuant to Section 14085.5 of the Welfare and Institutions Code, the payment of interest on notes and bonds of the authority, the establishment of reserves to secure these notes and bonds, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers.

(B) Any notes, bonds, or other securities issued, and the income from them, including any profit from the sale thereof, shall at all times be free from taxation by the state or any agency, political subdivision, or instrumentality of the state.

(C) Notwithstanding the provisions of subparagraph (A), for any indebtedness, notes, bonds, or other securities that require voter approval pursuant to state law, the prior approval of the board of supervisors shall be required. Notwithstanding the required prior approval of the board of supervisors, any indebtedness incurred, or notes, bonds, or other securities issued pursuant to this subparagraph shall be the indebtedness, notes, bonds, or securities of the authority and not of the county, and the credit of the county shall not be pledged or relied upon in any manner in order to incur the indebtedness, or issue the notes, bonds, or other securities, unless the board of supervisors explicitly authorizes the use of the county's credit. The authority shall reimburse the county for all costs associated with the county's consideration of the indebtedness, notes, bonds, or securities, and the authority shall defend, indemnify, and hold harmless the county from any and all liability, costs, or expenses arising from or related to the indebtedness, notes, bonds, or securities.

(8) To pursue its own credit rating.

(9) To enter into any contract or agreement consistent with this chapter or the laws of this state, and to authorize the chief executive officer to enter into contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers granted in this chapter, and to secure the payment of bonds.

(10) To purchase supplies, equipment, materials, property, and services.

(11) To establish policies relating to its purposes.

(12) To acquire or contract to acquire, rights-of-way, easements, privileges, and property, and to construct, equip, maintain, and operate any and all works or improvements wherever located that are necessary, convenient, or proper to carry out any of the provisions, objects, or purposes of this chapter, and to complete, extend, add to, repair, or otherwise improve any works or improvements acquired by it.

(13) To contract for and to accept gifts, grants, and loans of funds, property, or other aid in any form from the federal government, the state, a state agency, or other source, or combination thereof, and to comply, subject to this chapter, with the terms and conditions thereof.

(14) To invest surplus money in its own treasury, manage investments, and engage third-party investment managers, in accordance with state law.

(15) To arrange for guarantees or insurance of its bonds, notes, or other obligations by the federal or state government or by a private insurer, and to pay the premiums thereof.

(16) To engage in managed care contracting, joint ventures, affiliations with other health care facilities, other health care providers and payers, management agreements, or to participate in alliances, purchasing consortia, health insurance pools, accountable care organizations, alternative delivery systems, or other cooperative arrangements, with any public or private entity.

(17) To enter into joint powers agreements pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(18) To establish nonprofit, for profit, or other entities necessary to carry out the duties of the authority.

(19) To elect to transfer funds to the state and incur certified public expenditures in support of the Medi-Cal program and other programs for which federal financial participation is available.

(20) To use a computerized management information system, including an electronic health records system, in connection with the administration of its facilities.

(21) To request that the board of supervisors levy a tax on behalf of the authority. If the board of supervisors approves the proposal to levy the tax, the board shall call the election to seek voter approval and place the appropriate measure on the ballot for that election. The proceeds of these taxes shall be tax proceeds of the authority and not of the county. The authority shall reimburse the county for all costs associated with the county's consideration of these taxes, and shall defend, indemnify, and hold harmless the county from any liability, costs, or expenses arising from or related to the imposition of these taxes.

(22) To contract with the county for the provision of indigent care services on behalf of the county. The contract shall specify that county policies consistent with the county's obligations under Section 17000 of the Welfare and Institutions Code shall be applicable. Notwithstanding any other provision of this chapter, the authority shall not undertake any of the county's obligations under Section 17000 of the Welfare and Institutions Code, nor shall the authority have an entitlement to receive any revenue for the discharge of the county's obligations, without a written agreement with the county.

(23) To engage in other activities that may be in the best interests of the authority and the persons served by the authority, as determined by the board of trustees, in order to respond to changes in the health care industry.

(b) The authority shall conform to the following requirements:

(1) Be a government entity separate and apart for all purposes from the county and any other public entity, and shall not be considered to be an agency, division, or department of the county or any other public entity. The authority shall not be governed by, or subject to, the policies or operational rules of the county or any other public entity.

(2) Be subject to state and federal taxation laws that are applicable to public entities generally, except that the authority may, to the extent permitted by federal law, apply for an exemption from social security taxation if there is a mutual agreement with the exclusive representatives of the affected employees.

(3) Comply with the Meyers-Milius-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code), the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and the Ralph M. Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code).

(4) To the extent the authority is permitted by federal law to participate in the Public Employees' Retirement System, assume the assets and liabilities for Public Employees' Retirement System benefits, consistent with the requirements of Section 20508 and other applicable provisions of Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code and assume workers' compensation liabilities and other employee benefits and liabilities with respect to employees of the authority, unless otherwise agreed to by the authority, the county, and the governing board.

(5) Carry professional and general liability insurance or programs to the extent sufficient to cover its activities.

(6) Comply with the requirements of Sections 53260 and 53261 of the Government Code.

(7) Meet all local, state, and federal data reporting requirements.

(8) Be subject to the jurisdiction of the Public Employment Relations Board.

(c) Open sessions of the authority shall constitute official proceedings authorized by law within the meaning of Section 47 of the Civil Code. The privileges set forth in that section with respect to official proceedings shall apply to open sessions of the authority.

(d) The authority shall be a public agency for purposes of eligibility with respect to grants and other funding and loan guarantee programs. Contributions to the authority shall be tax deductible to the extent permitted by state and federal law. Nonproprietary income of the authority shall be exempt from state income taxation.

(e) The authority shall not be a "person" subject to suit under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code).

(f) The statutory authority of a board of supervisors to prescribe rules that authorize a county hospital to integrate its services with those of other providers into a system of community service that offers free choice of hospitals to those requiring hospital care, as set forth in Section 14000.2 of

the Welfare and Institutions Code, shall apply to the authority and the board of trustees.

(g) Unless otherwise agreed to by the authority and the board of supervisors, or the authority and a governing board, an obligation of the authority, statutory, contractual or otherwise, shall be the obligation solely of the authority and shall not be the obligation of the county or any other entity, and any contract executed by and between the county and the authority, or any other entity and the authority, shall contain a provision that liabilities or obligations of the authority with respect to its activities pursuant to the contract shall be the liabilities or obligations of the authority and shall not be or become the liabilities or obligations of the county or the other entity, respectively.

(h) An obligation of the authority, statutory, contractual or otherwise, shall be the obligation solely of the authority and shall not be the obligation of the state.

(i) In the event of a change of license ownership, the board of trustees shall comply with the obligations of governing bodies of general acute care hospitals generally as set forth in Section 70701 of Title 22 of the California Code of Regulations, as currently written or subsequently amended, as well as the terms and conditions of the license. The authority shall be the responsible party with respect to compliance with these obligations, terms, and conditions.

(j) (1) Provisions of the Evidence Code, the Government Code, including the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), the Civil Code, the Business and Professions Code, and other applicable law pertaining to the confidentiality of peer review activities of peer review bodies shall apply to the peer review activities of the authority. Peer review proceedings shall constitute an official proceeding authorized by law within the meaning of Section 47 of the Civil Code and those privileges set forth in that section with respect to official proceedings shall apply to peer review proceedings of the authority. If the authority is required by law or contractual obligation to submit to the state or federal government peer review information or information relevant to the credentialing of a participating provider, that submission shall not constitute a waiver of confidentiality. The laws pertaining to the confidentiality of peer review activities shall be together construed as extending, to the extent permitted by law, the maximum degree of protection of confidentiality.

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

(k) (1) Any transfer by the county to the authority, or by the governing board to the authority, of the maintenance, operation, and management or ownership of the medical center or the other health care facility, respectively, whether or not the transfer includes the surrendering by the county or the governing board of any existing general acute care hospital license and corresponding application for a change of ownership of the license, shall not affect the eligibility of the county or the governing board to undertake,

and shall authorize the authority, subject to applicable requirements, to do, any of the following:

(A) With the written consent of the county, participate in and receive allocations pursuant to the California Health Care for Indigents Program pursuant to Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the Welfare and Institutions Code, or similar programs, as may be identified or earmarked by the county for indigent health care services of the type provided by the medical center.

(B) With the written consent of the county, participate in and receive allocations of local revenue fund amounts provided pursuant to Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code as may be identified or earmarked by the county for indigent health care services of the type provided by the medical center.

(C) Participate in the financing of, and receive, Medicaid disproportionate share hospital payments available to a county hospital or designated public hospital, or any other successor or modified payment or funding that is intended to assist hospitals that serve a disproportionate share of low-income patients with special needs. The allocation of Medicaid disproportionate share hospital payments shall be made in consultation with the State Department of Health Care Services and other designated safety net hospitals.

(D) Participate in the financing of, and receive, Medi-Cal supplemental reimbursements, including, but not limited to, payments made pursuant to Sections 14105.96, 14105.965, 14166.4, and 14182.15 of the Welfare and Institutions Code, payments described in paragraph (4) of subdivision (b) of Section 14301.4 of the Welfare and Institutions Code, and payments made available to a county provider or designated public hospital, or governmental entity with which it is affiliated, under any other successor or modified Medicaid payment system.

(E) Participate in the financing of, and receive, safety net care pool funding, stabilization funding, delivery system reform incentive pool payments, and any other funding available to a county provider or designated public hospital, or governmental entities with which it is affiliated under the Medicaid demonstration project authorized pursuant to Article 5.2 (commencing with Section 14166) and Article 5.4 (commencing with Section 14180) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, or under any other successor or modified Medicaid demonstration project or Medicaid payment system. The allocation of safety net care pool funds shall be made in consultation with the State Department of Health Care Services and other designated safety net hospitals.

(F) Participate in the financing, administration, and provision of services under the Low Income Health Program authorized pursuant to Part 3.6 (commencing with Section 15909) of Division 9 of the Welfare and Institutions Code, or under any other successor or modified Medicaid demonstration project or Medicaid payment system if the authority enters into an agreement with the county concerning the provision of services by, and payment for these services to, the county.

(G) Participate in and receive direct grant and payment allocations pursuant to Article 5.228 (commencing with Section 14169.1) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, or under any other successor or modified direct grant and payment systems funded by hospital or other provider fee assessments.

(H) Receive Medi-Cal capital supplements pursuant to Section 14085.5 of the Welfare and Institutions Code. Notwithstanding any other provision of law, supplemental payments shall be made to the medical center under Section 14085.5 of the Welfare and Institutions Code for the debt service costs incurred by the county, and, if applicable, by the authority to the extent that debt service responsibility is refinanced, transferred to, or otherwise assumed by, directly or indirectly, the authority.

(I) Receive any other funds that would otherwise be available to a county provider or designated public hospital, or governmental entity with which it is affiliated.

(2) A transfer described in paragraph (1) shall not otherwise disqualify the county or the governing board, or in the case of a change in license ownership, the authority, from participating in any of the following:

(A) Local, state, and federal funding sources either specific to county or district hospitals, county or district ambulatory care clinics, designated public hospitals, or government entities with which they are affiliated, for which there are special provisions specific to those hospitals, ambulatory care clinics, or government entities.

(B) Funding programs in which the county or the governing board, by themselves or on behalf of the medical center or the other health care facility, respectively, had participated prior to the creation of the authority, or would otherwise be qualified to participate in had the authority not been created, and the maintenance, operation, and management or ownership of the medical center and the other health care facility not been transferred by the county and the governing board to the authority pursuant to this chapter.

(l) The authority, the county, and the governing board, or any combination thereof, may engage in marketing, advertising, and promotion of the medical and health care services made available to the community by the authority.

(m) The board of trustees shall have authority over procurement and contracts for the authority. The board of trustees shall adopt written rules, regulations, and procedures with regard to these functions. Contracts by and between the authority and any public agency, and contracts by and between the authority and providers of health care, goods, or services, may be let on a nonbid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. Notwithstanding any other provision of this section, the authority shall not subcontract work performed by classifications represented by employee organizations without mutual agreement between the authority and the exclusive representatives, except that a subcontract entered into prior to the formation of the authority may remain in effect until its termination or completion and may be modified or renewed to a later termination or

completion date upon agreement between the authority and the exclusive representatives of the affected classifications.

(n) The authority shall be responsible for human resource functions, including, but not limited to, position classification, compensation, recruitment, selection, hiring, discipline, termination, grievance, equal opportunity, performance management, probationary periods, training, promotion, and maintenance of records. The board of trustees shall adopt written rules, regulations, and procedures with regard to these functions. Until the time that the board of trustees adopts its own rules, regulations, or procedures with regard to these functions, the existing rules, regulations, and procedures set forth in any memorandum of understanding described in subparagraph (D) of paragraph (1) of subdivision (d) of Section 101658 shall apply. If the memoranda do not provide for the exercise of these functions, the rules, regulations, and procedures of the county shall apply.

(o) The authority may contract with the county or the governing board for services and personnel upon mutually agreeable terms.

(p) Notwithstanding Article 4.7 (commencing with Section 1125) of Chapter 1 of Division 4 of Title 1 of the Government Code, related to incompatible activities, a member of the authority's administrative staff shall not be considered to be engaged in activities inconsistent and incompatible with his or her duties as a result of prior employment or affiliation with the county or the governing board.

(q) The board of trustees and the officers and employees of the authority are public employees for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code, relating to claims and actions against public entities and public employees, and shall be protected by the immunities applicable to public entities and public employees governed by Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code, except as provided by other statutes or regulations that apply expressly to the authority.

(r) Except for Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code, this chapter shall prevail over any inconsistent statutes governing employees of the authority, including, but not limited to, the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 1 of Title 1 of the Government Code).

101662. Pursuant to this section, the board of trustees may find and declare that the authority shall cease to exist. In that event, the board of trustees shall provide for the disposition of the authority's assets, obligations, and liabilities. Absent written agreement, the county shall not be obligated under any law to assume the authority's obligations or liabilities, or take title to, or custody or control of, the authority's assets. Upon notification by the authority of the disposition of the authority's assets and liabilities, the board of supervisors shall rescind the ordinance that established the authority, and the authority shall cease to exist on the date set forth in the rescinding ordinance.

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