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AMENDED IN SENATE JUNE 19, 2013

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 503

Introduced by Assembly Member ~~Members~~ Wieckowski and Bonta

February 20, 2013

An act to ~~add Sections 11011.29 and 11011.30 to the Government Code, relating to state property, and making an appropriation therefor amend Sections 127280, 127400, and 129050 of, to add Chapter 2.6 (commencing with Section 127470) to Part 2 of Division 107 of, and to repeal Article 2 (commencing with Section 127340) of Chapter 2 of Part 2 of Division 107 of, the Health and Safety Code, relating to health facilities.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 503, as amended, Wieckowski. ~~State surplus property disposition: Agnews Developmental Center. Health facilities: community benefits.~~

Existing law makes certain findings and declarations regarding the social obligation of private nonprofit hospitals to provide community benefits in the public interest, and requires these hospitals, among other responsibilities, to adopt and update a community benefits plan for providing community benefits either alone, in conjunction with other health care providers, or through other organizational arrangements. Existing law requires each private nonprofit hospital, as defined, to complete a community needs assessment, as defined, and to thereafter

update the community needs assessment at least once every 3 years. Existing law also requires the hospital to file a report on its community benefits plan and the activities undertaken to address community needs with the Office of Statewide Health Planning and Development. Existing law requires the statewide office to make the plans available to the public. Existing law requires that each hospital include in its community benefits plan measurable objectives and specific benefits.

This bill would declare the necessity of establishing uniform standards for reporting the amount of charity care and community benefits a facility provides to ensure that private nonprofit hospitals and nonprofit multispecialty clinics actually meet the social obligations for which they receive favorable tax treatment, among other findings and declarations.

This bill would require a private nonprofit hospital and nonprofit multispecialty clinic, as defined, to provide community benefits to the public by allocating available community benefit moneys to charity health care, as defined, and community building activities, as specified. The bill would, by January 1, 2017, require a private nonprofit hospital and nonprofit multispecialty clinic to develop, in collaboration with the community benefits planning committee, as established, a community benefits statement and a description of the process for approval of the community benefits statement by the hospital's or clinic's governing board, as specified. This bill would require the hospital or clinic, no later than 30 days prior to adopting a community benefits plan, to complete a community needs assessment, as provided. The bill would authorize the hospital or clinic to create a community benefits advisory committee for the purpose of soliciting community input. This bill would require the hospital or clinic to make available to the public a copy of the assessment, file the assessment with the Office of Statewide Health Planning and Development, and update the assessment at least every 3 years.

This bill would also require a private nonprofit hospital and nonprofit multispecialty clinic, by April 1, 2017, to develop a community benefits plan that includes a summary of the needs assessment and a statement of the community health care needs that will be addressed by the plan, and list the services, as provided, that the hospital or clinic intends to provide in the following year to address community health needs identified in the community health needs assessments. The bill would require the hospital or clinic to make its community health needs assessment and community benefits plan or community health plan

available to the public on its Internet Web site and would require that a copy of the assessment and plan be given free of charge to any person upon request.

This bill would require a private nonprofit hospital or nonprofit multispecialty clinic, after April 1, 2017, every 2 years to submit a community benefits plan to the Office of Statewide Health Planning and Development, as specified, and would allow a hospital or clinic under the common control of a single corporation or other entity to file a consolidated plan, as provided. The bill would require that the governing board of each hospital or clinic adopt the community benefits plan and make it available to the public, as specified.

This bill would require the Office of Statewide Health Planning and Development to develop and adopt regulations to prescribe a standardized format for community benefits plans, as provided, to provide technical assistance to help private nonprofit hospitals and nonprofit multispecialty clinics exempt from licensure comply with the community benefits provisions, to make public each community health needs assessment and community benefits plan and any comments received regarding those assessments and plans, to maintain a public calendar of community benefit plan adoption meetings, and to calculate and make public the total value of community benefits provided by hospitals, as specified. This bill would authorize the Office of Statewide Health Planning and Development to assess a civil penalty, as provided, against any hospital or clinic that fails to comply with these provisions. This bill would make conforming changes.

~~Existing law requires the Department of General Services to offer for sale land that is declared excess or is declared surplus by the Legislature, and that is not needed by any state agency, to local agencies and private entities and individuals, subject to specified conditions.~~

~~This bill would authorize the Director of General Services to transfer surplus state real property, or any portion thereof, to a local agency at a price that is less than fair market value, if the property to be transferred will be used solely for public school purposes. The bill additionally would authorize the director to enter into negotiations with the Santa Clara Unified School District, the City of San Jose, or both, to transfer title of all or a portion of the former Agnews Developmental Center to the district, the city, or both, to be used for educational purposes, pursuant to the bill's authorization and existing law, as specified.~~

~~The California Constitution provides that the proceeds from the sale of surplus state property be used to pay the principal and interest on~~

bonds issued pursuant to the Economic Recovery Bond Act until the principal and interest on those bonds are fully paid, after which these proceeds are required to be deposited into the Special Fund for Economic Uncertainties. Existing statutory law similarly requires that the net proceeds received from any real property disposition be paid into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, a continuously appropriated fund, until the bonds issued pursuant to the act are retired.

By increasing the amount transferred into a continuously appropriated fund, this bill would make an appropriation.

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

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

1 SECTION 1. Section 127280 of the Health and Safety Code is
2 amended to read:

3 127280. (a) Every health facility licensed pursuant to Chapter
4 2 (commencing with Section 1250) of Division 2, except a health
5 facility owned and operated by the state, shall each year be charged
6 a fee established by the office consistent with the requirements of
7 this section.

8 (b) Commencing in calendar year 2004, every freestanding
9 ambulatory surgery ~~center~~ clinic, as defined in Section 128700,
10 shall each year be charged a fee established by the office consistent
11 with the requirements of this section.

12 (c) The fee structure shall be established each year by the office
13 to produce revenues equal to the appropriation made in the annual
14 Budget Act or another statute to pay for the functions required to
15 be performed by the office pursuant to this chapter, ~~Article 2~~
16 *Chapter 2.6* (commencing with Section ~~127340~~) of Chapter 2,
17 *127470*), or Chapter 1 (commencing with Section 128675) of Part
18 5, and to pay for any other health-related programs administered
19 by the office. The fee shall be due on July 1 and delinquent on
20 July 31 of each year.

21 (d) The fee for a health facility that is not a hospital, as defined
22 in subdivision (c) of Section 128700, shall be not more than 0.035
23 percent of the gross operating cost of the facility for the provision
24 of health care services for its last fiscal year that ended on or before
25 June 30 of the preceding calendar year.

1 (e) The fee for a hospital, as defined in subdivision (c) of Section
2 128700, shall be not more than 0.035 percent of the gross operating
3 cost of the facility for the provision of health care services for its
4 last fiscal year that ended on or before June 30 of the preceding
5 calendar year.

6 (f) ~~(1)~~ The fee for a freestanding ambulatory surgery clinic
7 shall be established at an amount equal to the number of
8 ambulatory surgery data records submitted to the office pursuant
9 to Section 128737 for encounters in the preceding calendar year
10 multiplied by not more than fifty cents (\$0.50).

11 ~~(2) (A) For the calendar year 2004 only, a freestanding~~
12 ~~ambulatory surgery clinic shall estimate the number of records it~~
13 ~~will file pursuant to Section 128737 for the calendar year 2004~~
14 ~~and shall report that number to the office by March 12, 2004. The~~
15 ~~estimate shall be as accurate as possible. The fee in the calendar~~
16 ~~year 2004 shall be established initially at an amount equal to the~~
17 ~~estimated number of records reported multiplied by fifty cents~~
18 ~~(\$0.50) and shall be due on July 1 and delinquent on July 31, 2004.~~

19 ~~(B) The office shall compare the actual number of records filed~~
20 ~~by each freestanding clinic for the calendar year 2004 pursuant to~~
21 ~~Section 128737 with the estimated number of records reported~~
22 ~~pursuant to subparagraph (A). If the actual number reported is less~~
23 ~~than the estimated number reported, the office shall reduce the fee~~
24 ~~of the clinic for calendar year 2005 by the amount of the difference~~
25 ~~multiplied by fifty cents (\$0.50). If the actual number reported~~
26 ~~exceeds the estimated number reported, the office shall increase~~
27 ~~the fee of the clinic for calendar year 2005 by the amount of the~~
28 ~~difference multiplied by fifty cents (\$0.50) unless the actual number~~
29 ~~reported is greater than 120 percent of the estimated number~~
30 ~~reported, in which case the office shall increase the fee of the clinic~~
31 ~~for calendar year 2005 by the amount of the difference, up to and~~
32 ~~including 120 percent of the estimated number, multiplied by fifty~~
33 ~~cents (\$0.50), and by the amount of the difference in excess of 120~~
34 ~~percent of the estimated number multiplied by one dollar (\$1).~~

35 (g) There is hereby established the California Health Data and
36 Planning Fund within the office for the purpose of receiving and
37 expending fee revenues collected pursuant to this chapter.

38 (h) Any amounts raised by the collection of the special fees
39 provided for by subdivisions (d), (e), and (f) that are not required
40 to meet appropriations in the Budget Act for the current fiscal year

1 shall remain in the California Health Data and Planning Fund and
 2 shall be available to the office in succeeding years when
 3 appropriated by the Legislature in the annual Budget Act or another
 4 statute, for expenditure under the provisions of this chapter, ~~Article~~
 5 ~~2 Chapter 2.6~~ (commencing with Section ~~127340~~) of Chapter 2,
 6 ~~127470~~), and Chapter 1 (commencing with Section 128675) of
 7 Part 5, or for any other health-related programs administered by
 8 the office, and shall reduce the amount of the special fees that the
 9 office is authorized to establish and charge.

10 (i) (1) No health facility liable for the payment of fees required
 11 by this section shall be issued a license or have an existing license
 12 renewed unless the fees are paid. A new, previously unlicensed,
 13 health facility shall be charged a pro rata fee to be established by
 14 the office during the first year of operation.

15 (2) The license of any health facility, against which the fees
 16 required by this section are charged, shall be revoked, after notice
 17 and hearing, if it is determined by the office that the fees required
 18 were not paid within the time prescribed by subdivision (c).

19 ~~(j) This section shall become operative on January 1, 2002.~~

20 *SEC. 2. Article 2 (commencing with Section 127340) of Chapter*
 21 *2 of Part 2 of Division 107 of the Health and Safety Code is*
 22 *repealed.*

23 *SEC. 3. Section 127400 of the Health and Safety Code is*
 24 *amended to read:*

25 127400. ~~As used in this article, the~~ *The following terms have*
 26 *definitions apply for the following meanings: purposes of this*
 27 *article:*

28 (a) “Allowance for financially qualified patient” means, with
 29 respect to services rendered to a financially qualified patient, an
 30 allowance that is applied after the hospital’s charges are imposed
 31 on the patient, due to the patient’s determined financial inability
 32 to pay the charges.

33 (b) (1) “Charity care” means the unreimbursed cost to a private
 34 nonprofit hospital or nonprofit multispecialty clinic of providing
 35 services to the uninsured or underinsured, as well as providing
 36 funding or otherwise financially supporting any of the following:

37 (A) Health care services or items on an inpatient or outpatient
 38 basis to a financially qualified patient with no expectation of
 39 payment.

1 (B) Health care services or items provided to a financially
2 qualified patient through other nonprofit or public outpatient
3 clinics, hospitals, or health care organizations with no expectation
4 of payment.

5 (C) Any of the following, provided that the provision, funding,
6 or financial support of these benefits is demonstrated to reduce
7 community health care costs: vaccination programs and services
8 for low-income families, school health centers, as defined in
9 Section 124174, chronic illness prevention programs and services,
10 nursing and caregiver training provided without assessment of
11 fees or payment of tuition, home-based health care programs for
12 low-income families, or community-based mental health and
13 outreach and assessment programs for low-income families. For
14 purposes of this subparagraph, “low-income families” means
15 families or individuals with income less than or equal to 350
16 percent of the federal poverty level.

17 (2) Charity care does not include any of the following:

18 (A) Uncollected fees or accounts written off as bad debt.

19 (B) Care provided to patients for which a public program or
20 public or private grant funds pay for any of the charges for the
21 care.

22 (C) Contractual adjustments in the provision of health care
23 services below the amount identified as gross charges or
24 “chargemaster” rates by the health care provider.

25 (D) Any amount over 125 percent of the Medicare rate for the
26 health care services or items provided on an inpatient or outpatient
27 basis.

28 (E) Any amount over 125 percent of the Medicare rate for
29 providing, funding, or otherwise financially supporting health care
30 services or items with no expectation of payment provided to
31 financially qualified patients through other nonprofit or public
32 outpatient clinics, hospitals, or health care organizations.

33 (F) The cost to a nonprofit hospital of paying a tax or other
34 governmental assessment.

35 (b)

36 (c) “Federal poverty level” means the poverty guidelines updated
37 periodically in the Federal Register by the United States
38 Department of Health and Human Services under authority of
39 subsection (2) of Section 9902 of Title 42 of the United States
40 Code.

1 (e)

2 (d) “Financially qualified patient” means a patient who is both
3 of the following:

4 (1) A patient who is a self-pay patient, as defined in subdivision
5 (f)(g) or a patient with high medical costs, as defined in subdivision
6 (g). (h).

7 (2) A patient who has a family income that does not exceed 350
8 percent of the federal poverty level.

9 (d)

10 (e) “Hospital” means a facility that is required to be licensed
11 under subdivision (a), (b), or (f) of Section 1250, except a facility
12 operated by the State Department of State Hospitals or the
13 Department of Corrections and Rehabilitation.

14 (e)

15 (f) “Office” means the Office of Statewide Health Planning and
16 Development.

17 (f)

18 (g) “Self-pay patient” means a patient who does not have
19 third-party coverage from a health insurer, health care service plan,
20 Medicare, or Medicaid, and whose injury is not a compensable
21 injury for purposes of workers’ compensation, automobile
22 insurance, or other insurance as determined and documented by
23 the hospital. Self-pay patients may include charity care patients.

24 (g)

25 (h) “A patient with high medical costs” means a person whose
26 family income does not exceed 350 percent of the federal poverty
27 level, as defined in subdivision (b), ~~if that individual does not~~
28 ~~receive a discounted rate from the hospital as a result of his or her~~
29 ~~third-party coverage. For these purposes, (c), if that individual~~
30 ~~does not receive a discounted rate from the hospital as a result of~~
31 ~~his or her third-party coverage. For these purposes, “high medical~~
32 ~~costs” means costs,” means any of the following:~~

33 (1) Annual out-of-pocket costs incurred by the individual at the
34 hospital that exceed 10 percent of the patient’s family income in
35 the prior 12 months.

36 (2) Annual out-of-pocket expenses that exceed 10 percent of
37 the patient’s family income, if the patient provides documentation
38 of the patient’s medical expenses paid by the patient or the patient’s
39 family in the prior 12 months.

1 (3) A lower level determined by the hospital in accordance with
2 the hospital’s charity care policy.

3 ~~(h)~~

4 (i) “Patient’s family” means the following:

5 (1) For persons 18 years of age and older, spouse, domestic
6 partner, as defined in Section 297 of the Family Code, and
7 dependent children under 21 years of age, whether living at home
8 or not.

9 (2) For persons under 18 years of age, parent, caretaker relatives,
10 and other children under 21 years of age of the parent or caretaker
11 relative.

12 *SEC. 4. Chapter 2.6 (commencing with Section 127470) is*
13 *added to Part 2 of Division 107 of the Health and Safety Code, to*
14 *read:*

15
16 *CHAPTER 2.6. COMMUNITY BENEFITS*

17
18 *Article 1. Hospital Community Benefits*

19
20 *127470. (a) The Legislature finds and declares the following:*

21 *(1) Access to health care services is of vital concern to the*
22 *people of California.*

23 *(2) Health care providers play an important role in providing*
24 *essential health care services in the communities they serve.*

25 *(3) Notwithstanding public and private efforts to increase access*
26 *to health care, the people of California continue to have significant*
27 *unmet health needs. Studies indicate that as many as 6.9 million*
28 *Californians are uninsured during a year.*

29 *(4) The state has a substantial interest in ensuring that the unmet*
30 *health needs of its residents are addressed. Health care providers*
31 *can help address these needs by providing charity care and*
32 *community benefits to the uninsured and underinsured members*
33 *of their communities.*

34 *(5) Hospitals have different roles in the community depending*
35 *on their mission, governance, tax status, and articles of*
36 *incorporation. Private hospitals that are investor owned and have*
37 *for-profit tax status pay property taxes, corporate income taxes,*
38 *and other taxes, such as unemployment insurance, on a different*
39 *basis than nonprofit, district, or public hospitals. Nonprofit health*
40 *facilities, including hospitals and multispecialty clinics, as*

1 *described in subdivision (l) of Section 1206, receive favorable tax*
2 *treatment by the government and, in exchange, assume a social*
3 *obligation to provide charity care and other community benefits*
4 *in the public interest.*

5 *(b) It is the intent of the Legislature in enacting this chapter to*
6 *provide uniform standards for reporting the amount of charity*
7 *care and community benefits provided to ensure that private*
8 *nonprofit hospitals and multispecialty clinics operated by nonprofit*
9 *corporations, as described in subdivision (l) of Section 1206,*
10 *actually meet the social obligations for which they receive*
11 *favorable tax treatment.*

12 *127472. The following definitions apply for the purposes of*
13 *this chapter:*

14 *(a) "Community" means the service area or patient population*
15 *for which a private nonprofit hospital or nonprofit multispecialty*
16 *clinic provides health care services. A private nonprofit hospital*
17 *or nonprofit multispecialty clinic may not define its service area*
18 *to exclude medically underserved, low-income, or minority*
19 *populations who are part of its patient populations, live in*
20 *geographic areas in which its patient populations reside, otherwise*
21 *should be included based on the method the hospital facility uses*
22 *to define its community, or populations described in subdivision*
23 *(l).*

24 *(b) (1) "Community benefits" means the unreimbursed goods,*
25 *services, activities, programs, and other resources provided by a*
26 *private nonprofit hospital or nonprofit multispecialty clinic that*
27 *addresses community-identified health needs and concerns,*
28 *particularly for people who are uninsured, underserved, or*
29 *members of a vulnerable population. Community benefits include,*
30 *but are not limited to, charity care, as defined in Section 127400,*
31 *the cost of community health improvement services and community*
32 *benefit operations, the cost of school health centers, as defined in*
33 *Section 124174, and the cost of health professions education*
34 *provided without charge to community members or participants,*
35 *subsidized health services for vulnerable populations, research,*
36 *contributions to community groups, and community building*
37 *activities.*

38 *(2) "Community benefits" does not mean the unreimbursed cost*
39 *of providing services to those enrolled in Medi-Cal, Medicare,*
40 *California Childrens Services Program, or county indigent*

1 *programs or any goods, services, activities, programs, or other*
2 *resources program or activity for which there is direct offsetting*
3 *revenue.*

4 (c) *“Community benefits plan” means the written document*
5 *prepared for annual submission to the office that includes, but is*
6 *not limited to, a description of the activities that the private*
7 *nonprofit hospital or nonprofit multispecialty clinic has undertaken*
8 *to address identified community needs within its mission and*
9 *financial capacity, and the process by which the hospital or clinic*
10 *develops the plan in consultation with the community.*

11 (d) (1) *Community benefits planning committee” means a*
12 *committee, designated by a private nonprofit hospital or nonprofit*
13 *multispecialty clinic, that oversees the community needs assessment*
14 *and the development of the community benefits plan implementation*
15 *strategy to meet the community health needs identified through*
16 *the community health needs assessment.*

17 (2) *The community benefits planning committee shall be*
18 *composed of the following:*

19 (A) *One of the following:*

20 (i) *The governing board of the hospital organization that*
21 *operates the hospital facility or a committee or other party*
22 *authorized by that governing body to the extent that the committee*
23 *or other party is permitted under state law to act on behalf of the*
24 *governing body.*

25 (ii) *If the hospital facility has its own governing body and is*
26 *recognized as an entity under state law but is a disregarded entity*
27 *for federal tax purposes, the governing body of that hospital facility*
28 *or other committee or party authorized by that governing body to*
29 *the extent that the committee or other party is permitted under*
30 *state law to act on behalf of the governing body.*

31 (B) *At least one individual from the local, tribal, or regional*
32 *governmental public health department, or an equivalent*
33 *department or agency, with knowledge, information, or expertise*
34 *relevant to the health needs of that community.*

35 (C) *At least one individual from an underserved and vulnerable*
36 *population, as defined in Section 127400.*

37 (e) *“Community health needs assessment” means the process*
38 *by which the private nonprofit hospital or nonprofit multispecialty*
39 *clinic identifies, for its service area as determined by the hospital*
40 *or clinic, unmet community needs.*

1 (f) “Discounted care” means the cost for medical care provided
2 consistent with Article 1 (commencing with Section 127400) of
3 Chapter 2.5.

4 (g) (1) “Direct offsetting revenue” means revenue from goods,
5 services, activities, programs, or other resources that offsets the
6 total community benefit expense of the goods, services, activities,
7 programs, or other resources.

8 (2) Direct offsetting revenue includes revenue generated by the
9 goods, services, activities, programs, or other resources, including,
10 but not limited to, payment or reimbursement for services provided
11 to program patients as well as restricted grants or contributions
12 that the private nonprofit hospital or nonprofit multispecialty clinic
13 uses to provide a community benefit, such as a restricted grant to
14 provide financial assistance or fund research.

15 (3) “Direct offsetting revenue” does not include unrestricted
16 grants or contributions that the private nonprofit hospital or
17 nonprofit multispecialty clinic uses to provide a community benefit.

18 (h) “Free care” means the unreimbursed cost for medical care
19 for a patient who cannot afford to pay for care provided consistent
20 with Article 1 (commencing with Section 127400) of Chapter 2.5.

21 (i) “Nonprofit multispecialty clinic” means a clinic as described
22 in subdivision (l) of Section 1206.

23 (j) “Office” means the Office of Statewide Health Planning and
24 Development.

25 (k) “Private nonprofit hospital” means a private nonprofit acute
26 care hospital operated or controlled by a nonprofit corporation,
27 as defined in Section 5046 of the Corporations Code, that has been
28 determined to be exempt from taxation under the Internal Revenue
29 Code. For purposes of this chapter, “private nonprofit hospital”
30 does not include any of the following:

31 (1) A district hospital organized and governed pursuant to the
32 Local Health Care District Law (Division 23 (commencing with
33 Section 32000)).

34 (2) A rural general acute care hospital, as defined in subdivision
35 (a) of Section 1250.

36 (3) A children’s hospital, as defined in Section 10727 of the
37 Welfare and Institutions Code.

38 (4) A multispecialty clinic operated by a for-profit hospital,
39 regardless of its net revenue.

1 (l) “Underserved and vulnerable population” means any of the
2 following:

3 (1) A population that has disproportionate unmet health-related
4 needs, such as a high prevalence of one or more health conditions
5 or concerns, and that has limited access to timely, quality health
6 care.

7 (2) A population that is exposed to medical or financial risk by
8 virtue of being uninsured, underinsured, or eligible for Medi-Cal,
9 Medicare, California Childrens Services Program, or county
10 indigent programs.

11 (3) A population with concentrations of people that are of low
12 income, high unemployment, low levels of homeownership, high
13 rent burden, sensitive populations, including, but not limited to,
14 children under 10 years of age and elderly over 65 years of age,
15 and people with co-morbidities, boys and men of color, low
16 educational attainment as measured by percent of the population
17 over 25 years of age with less than a high school diploma,
18 linguistic isolation as measured by percentage of households in
19 which no one 14 years of age or older speaks English very well
20 or speaks English only.

21 (4) A population affected by environmental hazards that can
22 lead to negative public health effects.

23 127473. A private nonprofit hospital or a nonprofit
24 multispecialty clinic that reports community benefits to the
25 community shall report on those community benefits in a consistent
26 and comparable manner to all other private nonprofit hospitals
27 and nonprofit multispecialty clinics.

28 127474. A private nonprofit hospital or a nonprofit
29 multispecialty clinic shall make its community health needs
30 assessment and community benefits plan available to the public
31 on its Internet Web site. A copy of the assessment and plan shall
32 be given free of charge to any person upon request.

33

34 Article 2. Community Benefits Statement, Community Needs
35 Assessment, and Community Benefits Plan

36

37 127475. (a) Private nonprofit hospitals and nonprofit
38 multispecialty clinics shall provide community benefits to the
39 community as follows:

1 (1) A minimum of 90 percent of the available community benefit
2 moneys shall be allocated to charity care and projects that improve
3 community health for underserved and vulnerable populations.

4 (2) A minimum of 25 percent of the available community benefit
5 moneys shall be allocated to community building activities
6 geographically located within underserved and vulnerable
7 populations.

8 (3) To meet the requirements of paragraphs (1) and (2), moneys
9 shall be used for projects that simultaneously meet both criteria.

10 (b) By January 1, 2017, each private nonprofit hospital and
11 each nonprofit multispecialty clinic shall develop, in collaboration
12 with the community benefits planning committee, all of the
13 following:

14 (1) A community benefits statement that describes the hospital's
15 or clinic's commitment to developing, adopting, and implementing
16 a community benefits program. The hospital's or clinic's governing
17 board shall document that it has reviewed the clinic's
18 organizational mission statement and considered amendments to
19 it that would better align that organizational mission statement
20 with the community benefits statement.

21 (2) A description of the process for approval of the community
22 benefits statement by the hospital's or clinic's governing board,
23 including a declaration that the board and administrators of the
24 hospital or clinic shall be responsible for oversight and
25 implementation of the community benefits plan. The board may
26 establish a community benefits implementation committee that
27 shall include members of the board, senior administrators, and
28 community stakeholders.

29 (3) A community health needs assessment pursuant to Section
30 127476 that evaluates the health needs and resources of the
31 community it serves.

32 (c) By April 1, 2017, a private nonprofit hospital or nonprofit
33 multispecialty clinic shall develop, in collaboration with the
34 community, a community benefits plan pursuant to Section 127477
35 designed to achieve all of the following outcomes:

36 (1) Access to health care for members of underserved and
37 vulnerable populations.

38 (2) The addressing of essential health care needs of the
39 community, with particular attention to the needs of members of
40 underserved and vulnerable populations.

1 (3) *The creation of measurable improvements in the health of*
2 *the community, with particular attention to the needs of members*
3 *of underserved and vulnerable populations.*

4 127476. (a) *Prior to adopting a community benefits plan, a*
5 *private nonprofit hospital or nonprofit multispecialty clinic shall*
6 *complete a community needs assessment that evaluates the health*
7 *needs and resources of the community served by the hospital or*
8 *clinic that is designed to achieve the outcomes specified in*
9 *subdivision (c) of Section 127475.*

10 (b) *In conducting its community health needs assessment, a*
11 *private nonprofit hospital or nonprofit multispecialty clinic shall*
12 *solicit comments from and meet with local government officials,*
13 *including representatives of local public health departments. A*
14 *private nonprofit hospital or nonprofit multispecialty clinic shall*
15 *also solicit comments from and meet with health care providers,*
16 *registered nurses, community groups representing, among others,*
17 *patients, labor, seniors, and consumers, and other health-related*
18 *organizations. Particular attention shall be given to persons who*
19 *are themselves underserved and who work with underserved and*
20 *vulnerable populations. Particular attention shall also be given*
21 *to identifying local needs to address racial and ethnic disparities*
22 *in health outcomes. A private nonprofit hospital or nonprofit*
23 *multispecialty clinic may create a community benefits advisory*
24 *committee for the purpose of soliciting community input.*

25 (c) *In preparing its community health needs assessment, a*
26 *private nonprofit hospital or nonprofit multispecialty clinic shall*
27 *use available public health data. A private nonprofit hospital or*
28 *nonprofit multispecialty clinic may collaborate with other facilities*
29 *and health care institutions in conducting community health needs*
30 *assessments and may make use of existing studies in completing*
31 *their own needs assessments.*

32 (d) *Not later than 30 days prior to completing a community*
33 *health needs assessment, a private nonprofit hospital or nonprofit*
34 *multispecialty clinic shall make available to the public a copy of*
35 *the assessment for review and comment.*

36 (e) *A community health needs assessment shall be filed with the*
37 *office. A private nonprofit hospital or a nonprofit multispecialty*
38 *clinic shall update its community needs assessment at least every*
39 *three years.*

1 127477. (a) By April 1, 2017, a private nonprofit hospital or
 2 nonprofit multispecialty clinic shall develop a community benefits
 3 plan that conforms with this chapter.

4 (b) In developing a community benefits plan, a private nonprofit
 5 hospital or nonprofit multispecialty clinic shall solicit comments
 6 from and meet with local government officials, including
 7 representatives of local public health departments. A private
 8 nonprofit hospital or nonprofit multispecialty clinic shall also
 9 solicit comments from and meet with health care providers,
 10 community groups representing, among others, patients, labor,
 11 seniors, and consumers, and other health-related organizations.
 12 Particular attention shall be given to persons who are themselves
 13 underserved, who work with underserved and vulnerable
 14 populations, and who work with populations at risk for racial and
 15 ethnic disparities in health outcomes.

16 (c) A community benefits plan shall include, at a minimum, all
 17 of the following:

18 (1) A summary of the needs assessment and a statement of the
 19 community health care needs that will be addressed by the plan.

20 (2) A list of the services the private nonprofit hospital or
 21 nonprofit multispecialty clinic intends to provide in the following
 22 year to address community health needs identified in the community
 23 health needs assessments. The list of services shall be categorized
 24 under the following:

25 (A) Charity care, as defined in subdivision (b) of Section 127400.

26 (B) Other community benefits, including community health
 27 improvement services and community benefit operations, health
 28 professions education, subsidized health services, research, and
 29 contributions to community groups.

30 (C) Community building activities targeting underserved and
 31 vulnerable populations.

32 (3) A description of the target community or communities that
 33 the plan is intended to benefit.

34 (4) An estimate of the economic value of the community benefits
 35 that the private nonprofit hospital or nonprofit multispecialty clinic
 36 intends to provide.

37 (5) A summary of the process used to elicit community
 38 participation in the community health needs assessment and
 39 community benefits plan design, and a description of the process
 40 for ongoing participation of community members in plan

1 *implementation and oversight, and a description of how the*
2 *assessment and plan respond to the comments received by the*
3 *private nonprofit hospital or nonprofit multispecialty clinic from*
4 *the community.*

5 (6) *A list of individuals, organizations, and government officials*
6 *consulted during the development of the plan.*

7 (7) *A description of the intended impact on health outcomes*
8 *attributable to the plan, including short- and long-term measurable*
9 *goals and objectives.*

10 (8) *Mechanisms to evaluate the plan's effectiveness.*

11 (9) *The name and title of the individual responsible for*
12 *implementing the plan.*

13 (10) *The names of individuals on the private nonprofit hospital's*
14 *or nonprofit multispecialty clinic's governing board.*

15 (11) *If applicable, a report on the community benefits efforts of*
16 *the preceding year, including the amounts and types of community*
17 *benefits provided, in a manner to be prescribed by the office; a*
18 *statement of the plan's impact on health outcomes, including a*
19 *description of the private nonprofit hospital's or nonprofit*
20 *multispecialty clinic's progress toward meeting its short- and*
21 *long-term goals and objectives; and an evaluation of the plan's*
22 *effectiveness.*

23 (d) *A private nonprofit hospital or nonprofit multispecialty clinic*
24 *may also report on bad debts, Medicare shortfalls, Medi-Cal*
25 *shortfalls, and shortfalls from any other public program. Reporting*
26 *bad debts, Medicare shortfalls, Medi-Cal shortfalls, and other*
27 *shortfalls from any other public program shall not be reported as*
28 *community benefits and shall be calculated based on hospital costs,*
29 *not charges.*

30 (e) *The governing board of a private nonprofit hospital or*
31 *nonprofit multispecialty clinic shall adopt the community benefits*
32 *plan at a meeting that is open to the public. No later than 30 days*
33 *prior to the plan's adoption by the governing board of the private*
34 *nonprofit hospital or nonprofit multispecialty clinic, a private*
35 *nonprofit hospital or nonprofit multispecialty clinic shall make*
36 *available to the public and to the office, in a printed copy and on*
37 *its Internet Web site, both of the following:*

38 (1) *A draft of its community benefits plan.*

39 (2) *Notice of the date, time, and location of the meeting at which*
40 *the community benefits plan is to be voted on for adoption by the*

1 governing board of the private nonprofit hospital or nonprofit
2 multispecialty clinic.

3 (f) After April 1, 2017, a private nonprofit hospital or nonprofit
4 multispecialty clinic shall, every two years, submit a community
5 benefits plan that conforms with this chapter and subdivisions (b)
6 to (e), inclusive, to the office, no later than 120 days after the end
7 of the hospital's or clinic's fiscal year.

8 (g) A person or entity may file comments on a private nonprofit
9 hospital's or nonprofit multispecialty clinic's community benefits
10 plan with the office.

11 (h) A private nonprofit hospital or nonprofit multispecialty
12 clinic, under the common control of a single corporation or another
13 entity, may file a consolidated plan if the plan addresses services
14 in all of the categories listed in paragraph (2) of subdivision (c)
15 to be provided by each hospital or clinic under common control
16 of the corporation or entity.

17
18 *Article 3. Duties of the Office of Statewide Health Planning*
19 *and Development*

20
21 127487. (a) (1) The office shall develop and adopt regulations
22 to prescribe a standardized format for community benefits plans
23 pursuant to this chapter.

24 (2) The office shall develop a standardized methodology for
25 estimating the economic value of community benefits.

26 (3) In developing standards of reporting on community benefits,
27 the office shall, to the maximum extent possible, conform to Internal
28 Revenue Service reporting standards for those data elements
29 reported to the Internal Revenue Service, but shall also include
30 those data elements required under this chapter or other state law,
31 including charity care, as defined in Section 127400.

32 (4) A private nonprofit hospital or nonprofit multispecialty clinic
33 shall annually file with the office its IRS Form 990, or its successor
34 form, and the office shall post the form on its Internet Web site.

35 (b) The office shall provide technical assistance to help private
36 nonprofit hospitals and nonprofit multispecialty clinics comply
37 with this chapter.

38 (c) The office shall make public a community health needs
39 assessment and community benefits plan and any comments

1 received regarding those assessments and plans. The office shall
2 make these documents available on its Internet Web site.

3 (d) The office shall maintain a public calendar of community
4 benefit adoption meetings held by the governing board of each
5 private nonprofit hospital or nonprofit multispecialty clinic. Notice
6 that includes the Office of Statewide Health Planning and
7 Development (OSHPD) facility number, name, parent company,
8 date, time, and location of each meeting shall be posted no later
9 than 14 days prior to the meeting date.

10 (e) For each year that a community benefits plan is submitted
11 pursuant to subdivision (f) of Section 127477, the office shall
12 annually calculate and make public the total value of community
13 benefits provided by each private nonprofit hospital and nonprofit
14 multispecialty clinic that reports pursuant to this chapter.

15 127488. The office may assess a civil penalty against any
16 private nonprofit hospital or nonprofit multispecialty clinic that
17 fails to comply with this article in the same manner as specified
18 in Section 128770.

19 SEC. 5. Section 129050 of the Health and Safety Code is
20 amended to read:

21 129050. A loan shall be eligible for insurance under this chapter
22 if all of the following conditions are met:

23 (a) The loan shall be secured by a first mortgage, first deed of
24 trust, or other first priority lien on a fee interest of the borrower
25 or by a leasehold interest of the borrower having a term of at least
26 20 years, including options to renew for that duration, longer than
27 the term of the insured loan. The security for the loan shall be
28 subject only to those conditions, covenants and restrictions,
29 easements, taxes, and assessments of record approved by the office,
30 and other liens securing debt insured under this chapter. The office
31 may require additional agreements in security of the loan.

32 (b) The borrower obtains an American Land Title Association
33 title insurance policy with the office designated as beneficiary,
34 with liability equal to the amount of the loan insured under this
35 chapter, and with additional endorsements that the office may
36 reasonably require.

37 (c) The proceeds of the loan shall be used exclusively for the
38 construction, improvement, or expansion of the health facility, as
39 approved by the office under Section 129020. However, loans
40 insured pursuant to this chapter may include loans to refinance

1 another prior loan, whether or not state insured and without regard
2 to the date of the prior loan, if the office determines that the amount
3 refinanced does not exceed 90 percent of the original total
4 construction costs and is otherwise eligible for insurance under
5 this chapter. The office may not insure a loan for a health facility
6 that the office determines is not needed pursuant to subdivision
7 (k).

8 (d) The loan shall have a maturity date not exceeding 30 years
9 from the date of the beginning of amortization of the loan, except
10 as authorized by subdivision (e), or 75 percent of the office's
11 estimate of the economic life of the health facility, whichever is
12 the lesser.

13 (e) The loan shall contain complete amortization provisions
14 requiring periodic payments by the borrower not in excess of its
15 reasonable ability to pay as determined by the office. The office
16 shall permit a reasonable period of time during which the first
17 payment to amortization may be waived on agreement by the lender
18 and borrower. The office may, however, waive the amortization
19 requirements of this subdivision and of subdivision (g) of this
20 section when a term loan would be in the borrower's best interest.

21 (f) The loan shall bear interest on the amount of the principal
22 obligation outstanding at any time at a rate, as negotiated by the
23 borrower and lender, as the office finds necessary to meet the loan
24 money market. As used in this chapter, "interest" does not include
25 premium charges for insurance and service charges if any. Where
26 a loan is evidenced by a bond issue of a political subdivision, the
27 interest thereon may be at any rate the bonds may legally bear.

28 (g) The loan shall provide for the application of the borrower's
29 periodic payments to amortization of the principal of the loan.

30 (h) The loan shall contain those terms and provisions with
31 respect to insurance, repairs, alterations, payment of taxes and
32 assessments, foreclosure proceedings, anticipation of maturity,
33 additional and secondary liens, and other matters the office may
34 in its discretion prescribe.

35 (i) The loan shall have a principal obligation not in excess of
36 an amount equal to 90 percent of the total construction cost.

37 (j) The borrower shall offer reasonable assurance that the
38 services of the health facility will be made available to all persons
39 residing or employed in the area served by the facility.

1 (k) The office has determined that the facility is needed by the
2 community to provide the specified services. In making this
3 determination, the office shall do all of the following:

4 (1) Require the applicant to describe the community needs the
5 facility will meet and provide data and information to substantiate
6 the stated needs.

7 (2) Require the applicant, if appropriate, to demonstrate
8 participation in the community needs assessment required by
9 ~~Section 127350.~~ 127476.

10 (3) Survey appropriate local officials and organizations to
11 measure perceived needs and verify the applicant's needs
12 assessment.

13 (4) Use any additional available data relating to existing facilities
14 in the community and their capacity.

15 (5) Contact other state and federal departments that provide
16 funding for the programs proposed by the applicant to obtain those
17 departments' perspectives regarding the need for the facility.
18 Additionally, the office shall evaluate the potential effect of
19 proposed health care reimbursement changes on the facility's
20 financial feasibility.

21 (6) Consider the facility's consistency with the Cal-Mortgage
22 state plan.

23 (l) In the case of acquisitions, a project loan shall be guaranteed
24 only for transactions not in excess of the fair market value of the
25 acquisition.

26 Fair market value shall be determined, for purposes of this
27 subdivision, pursuant to the following procedure, that shall be
28 utilized during the office's review of a loan guarantee application:

29 (1) Completion of a property appraisal by an appraisal firm
30 qualified to make appraisals, as determined by the office, before
31 closing a loan on the project.

32 (2) Evaluation of the appraisal in conjunction with the book
33 value of the acquisition by the office. When acquisitions involve
34 additional construction, the office shall evaluate the proposed
35 construction to determine that the costs are reasonable for the type
36 of construction proposed. In those cases where this procedure
37 reveals that the cost of acquisition exceeds the current value of a
38 facility, including improvements, then the acquisition cost shall
39 be deemed in excess of fair market value.

1 (m) Notwithstanding subdivision (i), any loan in the amount of
2 ten million dollars (\$10,000,000) or less may be insured up to 95
3 percent of the total construction cost.

4 In determining financial feasibility of projects of counties
5 pursuant to this section, the office shall take into consideration
6 any assistance for the project to be provided under Section 14085.5
7 of the Welfare and Institutions Code or from other sources. It is
8 the intent of the Legislature that the office endeavor to assist
9 counties in whatever ways are possible to arrange loans that will
10 meet the requirements for insurance prescribed by this section.

11 (n) The project’s level of financial risk meets the criteria in
12 Section 129051.

13 ~~SECTION 1. Section 11011.29 is added to the Government~~
14 ~~Code, to read:~~

15 ~~11011.29. Notwithstanding Section 11011.1 or any other law,~~
16 ~~the Director of General Services may transfer surplus state real~~
17 ~~property, or a portion of surplus state real property, to a local~~
18 ~~agency at a price that is less than fair market value, if the property~~
19 ~~to be transferred will be used solely for public school purposes.~~

20 ~~SEC. 2. Section 11011.30 is added to the Government Code,~~
21 ~~to read:~~

22 ~~11011.30. The Director of General Services may enter into~~
23 ~~negotiations with the Santa Clara Unified School District, the City~~
24 ~~of San Jose, or both, to transfer title of all or a portion of the former~~
25 ~~Agnews Developmental Center to the district, the city, or both, for~~
26 ~~public school purposes, in accordance with Sections 11011.1 and~~
27 ~~11011.29, and any other applicable provision of this article.~~