

AMENDED IN SENATE JUNE 26, 2014

AMENDED IN SENATE JUNE 10, 2014

AMENDED IN ASSEMBLY MAY 15, 2014

AMENDED IN ASSEMBLY APRIL 29, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2546

Introduced by Assembly Member Salas

February 21, 2014

An act to amend Section 31468 of, and to add Section 31552.5 to, the Government Code, and to add Chapter 5.5 (commencing with Section 101852) to Part 4 of Division 101 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2546, as amended, Salas. Kern County 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.

This bill would authorize the board of supervisors of the County of Kern to establish, by ordinance, the Kern County ~~Health System~~ *Hospital* Authority to manage, administer, and control the Kern Medical Center and for the operation of additional programs, *clinics and other* facilities, care organizations, physical practice plans, and delivery systems that may be affiliated or consolidated with the medical center. The bill would also authorize the establishment of the authority ~~to~~

~~manage, administer, and control the managed care plan established by Kern Health Systems in order to ensure the substantial participation of the disproportionate share hospital in the county and the safety net providers with which it is affiliated and to negotiate and enter into contracts to provide or arrange, or provide directly, on a fee-for-service, capitated, or other basis, health care services to specified individuals.~~

The bill would require the board of supervisors, in the enabling ordinance, to establish the terms and conditions of the transfers to the authority from the county and Kern Health Systems, which includes, among other things, any transfer of real and personal property. The bill would require the authority to be governed by a board of ~~trustees,~~ *governors*, and would require the board of supervisors, in the enabling ordinance, to specify, among other things, the *number of members and composition of membership of the board* ~~trustees of governors~~ and the qualifications of members.

The bill would grant to the authority, among other powers, the duties, privileges, immunities, rights, liabilities, and limitations of a local unit of government within the state. The bill would specify that the transfer to the authority of the management, administration, and control of the medical center does not affect the eligibility of the county for, but authorizes the authority to participate in and receive, various sources of funding, as specified, including various Medi-Cal programs. The bill would require the board of supervisors to adopt, and the authority to implement, a personnel transition plan that requires specified actions, including ongoing communication to employees and recognized employee organizations regarding the impact of the transition on certain existing employees and employee classifications.

The bill would authorize the board of supervisors to find and declare that the authority ceases to exist, and in that event, the bill would require the board of supervisors to provide for the disposition of the authority's assets, obligations, and ~~liabilities.~~ *liabilities, as specified.*

Existing law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Existing law defines a district for these purposes as a district, formed under the laws of the state, located wholly or partially within the county other than a school district.

This bill would include the authority within the definition of district and would authorize employees of the authority to participate in the Kern County Employees' Retirement Association, as specified.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

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

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

1 SECTION 1. Section 31468 of the Government Code is
2 amended to read:

3 31468. (a) “District” means a district, formed under the laws
4 of the state, located wholly or partially within the county other
5 than a school district.

6 (b) “District” also includes any institution operated by two or
7 more counties, in one of which there has been adopted an ordinance
8 placing this chapter in operation.

9 (c) “District” also includes any organization or association
10 authorized by Chapter 26 of the Statutes of 1935, as amended by
11 Chapter 30 of the Statutes of 1941, or by Section 50024, which
12 organization or association is maintained and supported entirely
13 from funds derived from counties, and the board of any retirement
14 system is authorized to receive the officers and employees of that
15 organization or association into the retirement system managed
16 by the board.

17 (d) “District” also includes, but is not limited to, any sanitary
18 district formed under Part 1 (commencing with Section 6400) of
19 Division 6 of the Health and Safety Code.

20 (e) “District” also includes any city, public authority, public
21 agency, and any other political subdivision or public corporation
22 formed or created under the constitution or laws of this state and
23 located or having jurisdiction wholly or partially within the county.

24 (f) “District” also includes any nonprofit corporation or
25 association conducting an agricultural fair for the county pursuant
26 to a contract between the corporation or association and the board
27 of supervisors under the authority of Section 25905.

28 (g) “District” also includes the Regents of the University of
29 California, but with respect only to employees who were employees

1 of a county in a county hospital, who became university employees
2 pursuant to an agreement for transfer to the regents of a county
3 hospital or of the obligation to provide professional medical
4 services at a county hospital, and who under that agreement had
5 the right and did elect to continue membership in the county's
6 retirement system established under this chapter.

7 (h) "District" also includes the South Coast Air Quality
8 Management District, a new public agency created on February
9 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
10 of Part 3 of Division 26 of the Health and Safety Code.

11 (1) Employees of the South Coast Air Quality Management
12 District shall be deemed to be employees of a new public agency
13 occupying new positions on February 1, 1977. On that date, those
14 new positions are deemed not to have been covered by any
15 retirement system.

16 (2) No retirement system coverage may be effected for an
17 employee of the South Coast Air Quality Management District
18 who commenced employment with the district during the period
19 commencing on February 1, 1977, and ending on December 31,
20 1978, unless and until the employee shall have elected whether to
21 become a member of the retirement association established in
22 accordance with this chapter for employees of Los Angeles County
23 or the retirement association established in accordance with this
24 chapter for employees of San Bernardino County. The election
25 shall occur before January 1, 1980. Any employee who fails to
26 make the election provided for herein shall be deemed to have
27 elected to become a member of the retirement association
28 established in accordance with this chapter for the County of Los
29 Angeles.

30 (3) The South Coast Air Quality Management District shall
31 make application to the retirement associations established in
32 accordance with this chapter for employees of Los Angeles County
33 and San Bernardino County for coverage of employees of the South
34 Coast Air Quality Management District.

35 (4) An employee of the South Coast Air Quality Management
36 District who commenced employment with the district during the
37 period commencing on February 1, 1977, and ending on December
38 31, 1978, and who has not terminated employment before January
39 1, 1980, shall be covered by the retirement association elected by
40 the employee pursuant to paragraph (2). That coverage shall be

1 effected no later than the first day of the first month following the
2 date of the election provided for in paragraph (2).

3 (5) Each electing employee shall receive credit for all service
4 with the South Coast Air Quality Management District. However,
5 the elected retirement association may require, as a prerequisite
6 to granting that credit, the payment of an appropriate sum of money
7 or the transfer of funds from another retirement association in an
8 amount determined by an enrolled actuary and approved by the
9 elected retirement association's board. The amount to be paid shall
10 include all administrative and actuarial costs of making that
11 determination. The amount to be paid shall be shared by the South
12 Coast Air Quality Management District and the employee. The
13 share to be paid by the employee shall be determined by good faith
14 bargaining between the district and the recognized employee
15 organization, but in no event shall the employee be required to
16 contribute more than 25 percent of the total amount required to be
17 paid. The elected retirement association's board may not grant that
18 credit for that prior service unless the request for that credit is
19 made to, and the required payment deposited with, the elected
20 retirement association's board no earlier than January 1, 1980, and
21 no later than June 30, 1980. The foregoing shall have no effect on
22 any employee's rights to reciprocal benefits under Article 15
23 (commencing with Section 31830).

24 (6) An employee of the South Coast Air Quality Management
25 District who commenced employment with the district after
26 December 31, 1978, shall be covered by the retirement association
27 established in accordance with this chapter for employees of San
28 Bernardino County. That coverage shall be effected as of the first
29 day of the first month following the employee's commencement
30 date.

31 (7) Notwithstanding paragraphs (2) and (4) above, employees
32 of the South Coast Air Quality Management District who were
33 employed between February 1, 1977, and December 31, 1978, and
34 who terminate their employment between February 1, 1977, and
35 January 1, 1980, shall be deemed to be members of the retirement
36 association established in accordance with this chapter for the
37 employees of Los Angeles County commencing on the date of
38 their employment with the South Coast Air Quality Management
39 District.

1 (i) “District” also includes any nonprofit corporation that
 2 operates one or more museums within a county of the 15th class,
 3 as described by Sections 28020 and 28036 of the Government
 4 Code, as amended by Chapter 1204 of the Statutes of 1971,
 5 pursuant to a contract between the corporation and the board of
 6 supervisors of the county, and that has entered into an agreement
 7 with the board and the county setting forth the terms and conditions
 8 of the corporation’s inclusion in the county’s retirement system.

9 (j) “District” also includes any economic development
 10 association funded in whole or in part by a county of the 15th class,
 11 as described by Sections 28020 and 28036 of the Government
 12 Code, as amended by Chapter 1204 of the Statutes of 1971, and
 13 that has entered into an agreement with the board of supervisors
 14 and the county setting forth the terms and conditions of the
 15 association’s inclusion in the county’s retirement system.

16 (k) “District” also includes any special commission established
 17 in the Counties of Tulare and San Joaquin as described by Section
 18 14087.31 of the Welfare and Institutions Code, pursuant to a
 19 contract between the special commission and the county setting
 20 forth the terms and conditions of the special commission’s
 21 inclusion in the county’s retirement system with the approval of
 22 the board of supervisors and the board of retirement.

23 (l) (1) “District” also includes the retirement system established
 24 under this chapter in Orange County.

25 (2) “District” also includes the retirement system established
 26 under this chapter in San Bernardino County at such time as the
 27 board of retirement, by resolution, makes this section applicable
 28 in that county.

29 (m) “District” also includes the Kern County Hospital Authority,
 30 a public agency that is a local unit of government established
 31 pursuant to Chapter 5.5 (commencing with Section 101852) of
 32 Part 4 of Division 101 of the Health and Safety Code.

33 SEC. 2. Section 31552.5 is added to the Government Code, to
 34 read:

35 31552.5. *Employees and officers of the Kern County Hospital*
 36 *Authority, a public agency that is a local unit of government*
 37 *established pursuant to Chapter 5.5 (commencing with Section*
 38 *101852) of Part 4 of Division 101 of the Health and Safety Code,*
 39 *shall not automatically become members of the Kern County*
 40 *Employees’ Retirement Association, but shall have their eligibility*

1 *for membership in the Kern County Employees' Retirement*
2 *Association be established pursuant to the provisions of that*
3 *chapter.*

4 **SECTION 1.**

5 *SEC. 3.* Chapter 5.5 (commencing with Section 101852) is
6 added to Part 4 of Division 101 of the Health and Safety Code, to
7 read:

8
9 **CHAPTER 5.5. KERN COUNTY ~~HEALTH SYSTEM~~ HOSPITAL**
10 **AUTHORITY ACT**

11
12 **Article 1. General Provisions**

13
14 101852. (a) This chapter shall be known and may be cited as
15 the Kern County ~~Health System~~ *Hospital* Authority Act.

16 (b) The Legislature finds and declares all of the following:

17 (1) Kern Medical Center, an acute care hospital currently
18 operated as a constituent department of the County of Kern, is a
19 designated public hospital, as defined in subdivision (d) of Section
20 14166.1 of the Welfare and Institutions Code, and a critical
21 component of the state's health care safety net.

22 ~~(2) Kern Health Systems, a separate public entity from the~~
23 ~~County of Kern, is a special county health authority formed~~
24 ~~pursuant to Section 14087.38 of the Welfare and Institutions Code~~
25 ~~to address problems of delivery of publicly assisted medical care~~
26 ~~in the County of Kern, and currently operates the local initiative,~~
27 ~~as defined in subdivision (w) of Section 53810 of Title 22 of the~~
28 ~~California Code of Regulations, in the county.~~

29 (2) *Counties are authorized under current law to integrate their*
30 *county hospital services with those of other hospitals into a system*
31 *of community service that offers free choice of hospitals to those*
32 *requiring hospital care, with the objective of eliminating*
33 *discrimination or segregation based on economic disability, so*
34 *that the county hospital and other hospitals in the community share*
35 *in providing services to paying patients and to those who qualify*
36 *for care in public medical care programs. However, in a new era*
37 *of health care delivery, it is necessary to pursue approaches that*
38 *transition beyond acute care-centric orientations.*

39 (3) The ongoing evolution of the health care environment ~~is a~~
40 ~~catalyst for~~ *requires public entities providing or arranging health*

1 care-service-entities *services* to pursue innovative health care
2 delivery models that proactively improve the quality of patient
3 care services and patient experience, efficiently and effectively
4 increase access to needed health care services across the care
5 continuum, provide services in a patient-centered manner, and
6 moderate the rate of growth of health care expenditures.

7 (4) ~~In order for~~ *The board of supervisors of the County of Kern*
8 ~~and Kern Health Systems to further their common mission of~~
9 ~~improving the health status of the people of the County of Kern~~
10 ~~through~~ *has determined that providing access to affordable, high*
11 ~~quality~~ *high-quality* health care services, and ~~to help ensure~~
12 ~~ensuring the full engagement and~~ *viability of the health care safety*
13 ~~net in the county,~~ *county are essential for improving the health*
14 *status of the people of the County of Kern. To further this*
15 ~~imperative,~~ *it is necessary that they be permitted to combine*
16 ~~resources and consolidate efforts towards an integrated delivery~~
17 ~~system to achieve health plan and provider alignment by enabling~~
18 ~~the operation of both Kern Medical Center and the local initiative~~
19 ~~operated by Kern Health Systems under a new special health~~
20 ~~system authority.~~ *the Kern Medical Center, while continuing as a*
21 *designated public hospital and maintaining its mission, is provided*
22 *with an organizational and operational structure that facilitates*
23 *and improves its ability to function with flexibility, responsiveness,*
24 *and innovation to promote a patient-centric system of care delivery*
25 *featuring community-based care. This can best be accomplished*
26 *by allowing the operation of the Kern Medical Center, along with*
27 *other health-related resources, under a new hospital authority*
28 *that is able to pursue efforts towards a delivery system that*
29 *embraces population health management strategies, is effectively*
30 *positioned for health plan provider alignment, and maximizes*
31 *opportunities for employees and enhancement of staff morale.*

32 (5) ~~Because there is no general law under which this public~~
33 ~~health system authority could be formed for these purposes, the~~
34 ~~adoption of this act authorizing formation of a special authority~~
35 ~~by the Legislature is required.~~

36 (5) *This chapter is necessary to allow the formation of a public*
37 *hospital authority for the purposes described above.*

38 101852.1. For purposes of this chapter, the following
39 definitions shall apply:

1 (a) “Authority” means the Kern County Health *Hospital* System
2 Authority established pursuant to this chapter.

3 (b) “Board of supervisors” means the board of supervisors of
4 the County of Kern.

5 (c) “Board of trustees” *governors*” means the governing body
6 of the authority.

7 (d) “County” means the County of Kern.

8 (e) “Enabling ordinance” means the county ordinance enacted
9 *by the board of supervisors* pursuant to this chapter to establish
10 the authority, as *it* may be amended from time to time.

11 (f) “Kern Health Systems” means the public entity that operates
12 the managed care plan organized by the county pursuant to Section
13 14087.38 of the Welfare and Institutions Code in the County of
14 Kern.

15 (g) “Managed care plan” means the health plan licensed pursuant
16 to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter
17 2.2 (commencing with Section 1340) of Division 2), which was
18 established by Kern Health Systems and serves as the local
19 initiative, as defined in subdivision (w) of Section 53810 of Title
20 22 of the California Code of Regulations, in the County of Kern,
21 and includes all plan assets and operations that exist or are later
22 established.

23 (h)
24 (f) “Medical center” means the assets and liabilities comprising
25 the Kern Medical Center, *including, without limitation, a licensed*
26 *acute care hospital* and related public health care programs,
27 facilities, care organizations, physician practice plans and delivery
28 systems, which may be hospital-based or nonhospital-based, ~~that~~
29 ~~now exist or are established in the future.~~ *as specified by the board*
30 *of supervisors or the authority now or in the future, as the case*
31 *may be, depending on which entity controls the medical center.*
32

33 Article 2. Establishment of the Kern County Health System
34 *Hospital* Authority
35

36 101853. (a) Pursuant to this chapter, the board of supervisors
37 may establish by ordinance the Kern County Health System
38 *Hospital* Authority, which shall be a public agency that is a local
39 unit of government separate and apart from the county and any
40 other public entity for all purposes. The authority established

1 pursuant to this chapter shall file the statement required by Section
2 53051 of the Government Code, and is a public entity for purposes
3 of Division 3.6 (commencing with Section 810) of Title 1 of the
4 Government Code.

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

7 (1) Provide management, administration, and other controls
8 consistent with this chapter ~~for as needed to operate~~ the medical
9 center ~~to continue to operate and maintain its status~~ as a designated
10 public hospital, as defined in subdivision (d) of Section 14166.1
11 of the Welfare and Institutions Code, and for the operation of
12 additional programs, *clinics and other* facilities, care organizations,
13 *health care service and* physician practice plans, and delivery
14 systems that may be affiliated or consolidated with the medical
15 center, to ensure the viability of the health care safety net in the
16 county in a manner consistent with the county's requirements under
17 Section 17000 of the Welfare and Institutions Code.

18 (2) Provide management, administration, and other controls
19 consistent with this chapter ~~for the managed care plan to continue~~
20 ~~to operate as a local initiative, as defined in subdivision (w) of~~
21 ~~Section 53810 of Title 22 of the California Code of Regulations,~~
22 ~~to ensure the substantial participation of the disproportionate share~~
23 ~~hospital in the county and the safety net providers with which it~~
24 ~~is affiliated, and to negotiate and enter into contracts to provide~~
25 ~~or arrange, or provide directly, on a fee-for-service, capitated, or~~
26 ~~other basis, health care services to individuals including, but not~~
27 ~~limited to, those covered under Subchapters XVIII (commencing~~
28 ~~with Section 1395), XIX (commencing with Section 1396), and~~
29 ~~XXI (commencing with Section 1397aa) of Chapter 7 of Title 42~~
30 ~~of the United States Code, those entitled to coverage under private~~
31 ~~group coverage, private individual coverage, including without~~
32 ~~limitation, coverage through Covered California, other publicly~~
33 ~~supported programs, those employed by public agencies or private~~
34 ~~businesses, and uninsured or indigent individuals.~~

35 (c) Subject to the requirements of this chapter, the authority
36 shall *have and* be charged with *authority for* the management,
37 administration, and control of the medical center and ~~the managed~~
38 ~~care plan.~~ *other health-related resources.* The State Department
39 of Health Care Services and ~~Department of Managed Health Care~~
40 shall take all necessary steps to ensure all of the following:

1 (1) The authority is permitted to operate the medical center and
2 the managed care plan. *center.*

3 (2) The medical center continues its status as a designated public
4 hospital. *hospital to at least the same extent as it would be*
5 *designated in the absence of its transfer to the authority pursuant*
6 *to this chapter.*

7 ~~(3) The managed care plan continues to operate as a local~~
8 ~~initiative.~~

9 ~~(4)~~

10 (3) The authority may participate as a contributing public agency
11 for all of the purposes of *specified in* Section 433.51 of Title 42
12 of the Code of Federal Regulations. *Regulations, to the extent*
13 *permitted by federal law.*

14 (d) The board of supervisors, in the enabling ordinance, shall
15 establish the terms and conditions of the transfers *transfer* to the
16 authority from the county and Kern Health Systems, *county,*
17 including, but not limited to, all of the following:

18 (1) Any transfer of real and personal property, assets and
19 liabilities, including, but not limited to, liabilities of the medical
20 center determined and assigned by the county for county funds
21 previously advanced, *but not repaid or otherwise recovered,* to
22 fund the operations of the medical center.

23 (2) Transfer of employees, including any necessary personnel
24 transition plan, as specified in Section ~~101853.1~~. *101853.1, and*
25 *assignment of title to funded pension assets and responsibility for*
26 *any unfunded pension liabilities.*

27 ~~(3) Maintenance~~ Maintenance, operation, and management or
28 ownership of the medical center and managed care plan. *center.*

29 (4) Transfer of licenses.

30 (5) Any other matters as the board of supervisors deems
31 necessary, appropriate or convenient for the conduct of the
32 authority's activities *activities.*

33 (e) ~~(1) Upon establishment of the authority, all assets and~~
34 ~~liabilities comprising the managed care plan, and all operations~~
35 ~~and governance of the managed care plan, shall be transferred to~~
36 ~~the authority pursuant to the terms and conditions specified in the~~
37 ~~enabling ordinance. The effective date of the transfer shall be as~~
38 ~~prescribed in the enabling ordinance. The managed care plan shall~~
39 ~~provide at least 30 days advance notice for change of ownership~~

1 to the Department of Managed Health Care in the form of a notice
2 of material modification.

3 ~~(2) The notice of material modification shall describe any~~
4 ~~changes in the governing body or higher management of the~~
5 ~~managed care plan, and, notwithstanding any other law, shall be~~
6 ~~deemed approved upon receipt. Any other changes to plan~~
7 ~~operations, governance, or financial status shall be made after the~~
8 ~~change of ownership, and shall be subject to the requirements of~~
9 ~~the Knox-Keene Health Care Service Plan Act of 1975 (Chapter~~
10 ~~2.2 (commencing with Section 1340) of Division 3).~~

11 ~~(3) Upon the transfer of the maintenance, operation, and~~
12 ~~management or ownership of the managed care plan to the~~
13 ~~authority, the board of supervisors shall terminate Kern Health~~
14 ~~Systems by ordinance. The board of supervisors shall notify the~~
15 ~~State Department of Health Care Services 30 days prior to the~~
16 ~~effective date of the termination.~~

17 ~~(4) The provisions set forth in paragraph (5) of subdivision (t)~~
18 ~~of, and subdivisions (v) and (x) of, Section 14087.38 of the Welfare~~
19 ~~and Institutions Code shall not apply to the termination of Kern~~
20 ~~Health Systems made pursuant to this chapter.~~

21 ~~(5) Any liabilities of Kern Health Systems shall not become~~
22 ~~obligations of the county upon termination of Kern Health Systems.~~

23 ~~(6) With respect to the maintenance, operation, and management~~
24 ~~or ownership of the managed care plan, the authority shall comply~~
25 ~~with the applicable requirements of the Knox-Keene Health Care~~
26 ~~Service Plan Act of 1975 (Chapter 2.2 (commencing with Section~~
27 ~~1340) of Division 3).~~

28 ~~(7) The board of supervisors may contract with the authority to~~
29 ~~provide indigent care services on behalf of the county. The contract~~
30 ~~shall specify that county policies, as may be modified from time~~
31 ~~to time and consistent with the county's obligations under Section~~
32 ~~17000 of the Welfare and Institutions Code, shall be applicable.~~
33 ~~Notwithstanding any other provision of this chapter, the authority~~
34 ~~shall not undertake any of the county's obligations under Section~~
35 ~~17000 of the Welfare and Institutions Code, nor shall the authority~~
36 ~~have an entitlement to receive any revenue for the discharge of~~
37 ~~the county's obligations, without a written agreement with the~~
38 ~~county. Any contract executed by and between the county and the~~
39 ~~authority shall provide for the indemnification of the county by~~
40 ~~the authority for liabilities as specifically set forth in the contract,~~

1 ~~except that the contract shall include a provision that the county~~
2 ~~shall remain liable for its own negligent acts. Indemnification by~~
3 ~~the authority shall not be construed as divesting the county from~~
4 ~~its ultimate responsibility for compliance with Section 17000 of~~
5 ~~the Welfare and Institutions Code.~~

6 (f)

7 (e) (1) ~~A~~ *Notwithstanding any other law, a transfer of*
8 *maintenance, operation, and management or ownership or lease*
9 *of the medical center to the authority may be made made, with or*
10 *without the payment of a purchase price by the authority authority,*
11 *and otherwise upon the terms and conditions as found necessary*
12 *by the board of supervisors and specified in the enabling ordinance*
13 *to ensure that the transfer will constitute an ongoing material*
14 *benefit to the county and its residents.*

15 (2) A transfer of the maintenance, operation, and management,
16 *or ownership or lease* of the medical center to the authority shall
17 not be construed as empowering the authority to transfer any
18 ownership interest of the county in *any portion of* the medical
19 center except as otherwise approved by the board of supervisors.

20 (3) The authority shall not transfer the maintenance, operation,
21 and management or ownership or lease of the medical center to
22 any other *person or* entity without the prior written approval of
23 the board of supervisors. *This paragraph shall not prevent the*
24 *county, by ordinance, from allowing the disposal of obsolete or*
25 *surplus equipment, supplies, or furnishings of the medical center*
26 *by the authority.*

27 (4) With respect to the maintenance, operation, and management
28 or ownership *or lease* of the medical center, the authority shall
29 conform to both of the following requirements:

30 (A) Comply with *any applicable requirements of* Section
31 14000.2 of the Welfare and Institutions Code.

32 (B) Comply with any applicable requirements of Section 1442.5.

33 (5) The board of supervisors may retain control of the medical
34 center physical plant and ~~facilities except as otherwise~~ *facilities,*
35 *as specifically provided for in the enabling ordinance or other*
36 *lawful agreements entered into by the board of supervisors. Any*
37 ~~lease agreement or other agreement~~ between the county and the
38 authority ~~may~~ *shall* provide that county premises shall not be sublet
39 without the approval of the board of supervisors.

1 (6) Notwithstanding any other provision of this chapter, and
2 whether or not accompanied by a change in licensing, the
3 authority's responsibility for the maintenance, operation, and
4 management of *the medical center*, or any ownership or leasehold
5 interest of the *authority in the medical center*, does not relieve the
6 county of the ultimate responsibility for indigent care pursuant to
7 Section 17000 of the Welfare and Institutions Code.

8 (7) *For purposes of Article 12 (commencing with Section*
9 *17612.1) of Chapter 6 of Part 5 of Division 9 of the Welfare and*
10 *Institutions Code, and the definition set forth in subdivision (f) of*
11 *Section 17612.2 of the Welfare and Institutions Code, the medical*
12 *center, excluding components that provide predominately public*
13 *health services, and the county are affiliated governmental entities.*

14 (f) *The board of supervisors may contract with the authority for*
15 *the provision of indigent care services on behalf of the county. The*
16 *contract shall specify that county policies, as may be modified*
17 *from time to time and consistent with the county's obligations*
18 *under Section 17000 of the Welfare and Institutions Code, shall*
19 *be applicable. Notwithstanding any other provision of this chapter,*
20 *the authority shall not undertake any of the county's obligations*
21 *under Section 17000 of the Welfare and Institutions Code, nor*
22 *shall the authority have an entitlement to receive any revenue for*
23 *the discharge of the county's obligations, without a written*
24 *agreement with the county. Any contract executed by and between*
25 *the county and the authority shall provide for the indemnification*
26 *of the county by the authority for liabilities as specifically set forth*
27 *in the contract, except that the contract shall include a provision*
28 *that the county shall remain liable for its own negligent acts.*
29 *Indemnification by the authority shall not divest the county from*
30 *its ultimate responsibility for compliance with Section 17000 of*
31 *the Welfare and Institutions Code.*

32 (g) Unless otherwise agreed to by the authority and the board
33 of supervisors, an obligation of the authority, statutory, contractual,
34 or otherwise, shall be the obligation solely of the authority and
35 shall not be the obligation of the county or any other entity, and
36 any contract executed by and between the county and the authority,
37 or any other entity and the authority, shall contain a provision that
38 liabilities or obligations of the authority with respect to its activities
39 pursuant to the contract shall be the liabilities or obligations of the
40 authority and shall not be or become the liabilities or obligations

1 of the county or the other entity, respectively. An obligation of the
2 authority, statutory, contractual, or otherwise, shall not be the
3 obligation of the state.

4 (h) The authority shall not be a “person” subject to suit under
5 the Cartwright Act (Chapter 2 (commencing with Section 16700)
6 of Part 2 of Division 7 of the Business and Professions Code).

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

12 (j) *The authority is a “district” within the meaning set forth in*
13 *the County Employees Retirement Law of 1937 (Chapter 3*
14 *(commencing with Section 31450) of Part 3 of Division 4 of Title*
15 *3 of the Government Code). Employees of the authority are eligible*
16 *to become members or maintain membership, as applicable, in*
17 *the Kern County Employees’ Retirement Association, to the extent*
18 *described in subdivision (g) of Section 101853.1.*

19 101853.1. (a) In exercising its powers to employ personnel,
20 the authority shall implement, and the board of supervisors shall
21 adopt, a personnel transition plan. The personnel transition plan
22 shall require all of the following:

23 (1) Ongoing communication to employees and recognized
24 employee organizations regarding the impact of the transition on
25 existing ~~managed care plan~~, medical center, county, and other
26 health care facility employees and employee classifications.

27 (2) Meeting and conferring with representatives of affected
28 bargaining unit employees on both of the following issues:

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

30 (B) Specified periods of time during which county or medical
31 center employees affected by the establishment of the authority
32 may elect to be considered for appointment *and exercise*
33 *reinstatement rights, if applicable*, to funded, equivalent, vacant
34 county ~~positions, and exercise reinstatement rights, positions~~ for
35 which they are qualified and eligible. An employee who first elects
36 to remain with the county, ~~but who~~ *county may* subsequently ~~seeks~~
37 ~~employment~~ *seek reinstatement* with the authority within 30 days
38 of ~~this election, the election to remain with the county and~~ shall
39 be subject to the requirements of this article.

1 (3) Acknowledgment that the authority, to the extent permitted
 2 by federal *and state* law, shall be bound by the terms of the
 3 memoranda of understanding executed between the county and its
 4 exclusive employee representatives that are ~~or will be~~ in effect as
 5 ~~of~~ on the date the county adopts the enabling ordinance pursuant
 6 to this ~~article~~. *chapter*. Subsequent memoranda of understanding
 7 *with exclusive employee representatives* shall be subject to approval
 8 only by the ~~board of trustees, and not the county~~. *board of*
 9 *governors*.

10 (b) ~~The implementation~~ *Implementation* of this chapter shall
 11 not be a cause for the modification of the ~~level of medical center,~~
 12 ~~county, or Kern Health Systems center or county~~ employment
 13 benefits. Upon the execution of the enabling ordinance, employees
 14 ~~who serve or work for of the medical center, county, or Kern Health~~
 15 ~~Systems immediately prior to the implementation of this chapter,~~
 16 ~~and center or county on the date of execution,~~ who become
 17 authority employees, shall retain their existing or equivalent
 18 classifications and job descriptions upon transfer to the authority,
 19 comparable pension benefits, and ~~at least~~ their existing salaries
 20 and other benefits that include, but are not limited to, accrued and
 21 unused vacation, sick leave, personal leave, health care, retiree
 22 health benefits, and deferred compensation plans. *The transfer of*
 23 *an employee from the medical center or county shall not constitute*
 24 *a termination of employment for purposes of Section 227.3 of the*
 25 *Labor Code, or employee benefit plans and arrangements*
 26 *maintained by the medical center or county, except as otherwise*
 27 *provided in the enabling ordinance or personnel transition plan,*
 28 *nor shall it be counted as a break in uninterrupted employment*
 29 *for purposes of Section 31641 of the Government Code with respect*
 30 *to the Kern County Employees' Retirement Association, or state*
 31 *service for purposes of the Public Employees' Retirement System*
 32 *(Part 3 (commencing with Section 20000) of Division 5 of Title 2*
 33 *of the Government Code).*

34 (c) ~~The~~ *Subject to applicable state law, the* authority shall
 35 recognize ~~as the exclusive employee~~ representatives of those
 36 authority employees who ~~perform functions~~ *are* transferred from
 37 the county or medical center to the ~~authority,~~ *authority* pursuant
 38 to this ~~chapter,~~ the ~~employee organizations that represented the~~
 39 ~~employees at the county or medical center performing those~~
 40 ~~functions at the time of transfer.~~ *chapter*.

1 (d) In order to stabilize labor and employment relations and
2 provide continuity of care and services to the people of the county,
3 and notwithstanding any other law, the authority shall do all of the
4 following for a period of 24 months after the effective date of the
5 transfer of the medical center to the authority:

6 (1) Continue to recognize each exclusive *employee*
7 representative of each bargaining unit.

8 (2) Continue to provide ~~at least the same level of employee~~
9 ~~benefits to authority employees, who were medical center, county,~~
10 ~~or managed care plan employees, that had been provided to these~~
11 ~~employees, whether those~~ *whether the obligation to provide those*
12 *benefits arise out of a memorandum of understanding, or other*
13 *agreements or law.*

14 (3) ~~Roll over~~ *Extend* and continue to be bound by any existing
15 ~~medical center or county~~ memoranda of understanding covering
16 the terms and ~~condition~~ *conditions of employment for employees*
17 *of the authority*, including the level of wages and benefits, ~~of~~
18 ~~transferred employees for 24 months after the term end date of~~
19 ~~any memoranda of agreement, and any county rules, ordinances,~~
20 ~~or policies specifically identified and incorporated by reference~~
21 ~~in a memoranda of understanding for 24 months or through the~~
22 ~~term of the memorandum of understanding, whichever shall be the~~
23 ~~longer, unless modified by mutual agreement with each of the~~
24 ~~employees' exclusive representatives, and only to the extent that~~
25 ~~continuing employee representatives. The authority shall continue~~
26 ~~to provide those pension benefits specified in any memoranda of~~
27 ~~agreement as long as doing so does not conflict with any Kern~~
28 ~~County Employees' Employee Retirement Association regulation~~
29 ~~or federal law. Any conflicts in the existing agreements as to wages~~
30 ~~and other terms and conditions of employment shall be resolved~~
31 ~~only by mutual agreement between the authority and each of the~~
32 ~~exclusive employee representatives. bylaws, or federal or state~~
33 ~~law including the County Employees Retirement Law of 1937~~
34 ~~(Chapter 3 (commencing with Section 31450) of Part 3 of Division~~
35 ~~4 of Title 3 of the Government Code).~~

36 (4) *Meet and confer with the exclusive employee representatives*
37 *to develop processes and procedures to address employee*
38 *disciplinary action taken against permanent employees. If the*
39 *authority terminates, suspends, demotes, or reduces the pay of a*
40 *permanent employee for disciplinary reasons, those actions shall*

1 *only be for cause consistent with state law, and an employee shall*
 2 *be afforded applicable due process protections granted to public*
 3 *employees under state law. Permanent employees laid off by the*
 4 *authority within six months of the date the ordinance is adopted*
 5 *shall remain on the county reemployment list for two years.*
 6 *Inclusion on the county reemployment list is not a guarantee of*
 7 *reemployment. For the purposes of this paragraph, the term*
 8 *“permanent employees” excludes probationary employees,*
 9 *temporary employees, seasonal employees, provisional employees,*
 10 *extra help employees, and per diem employees.*

11 *(5) To the extent layoffs occur, and provided that all other*
 12 *previously agreed upon factors are equal, ensure that seniority*
 13 *shall prevail. The authority shall meet and confer with the exclusive*
 14 *employee representatives to address layoff procedures and the*
 15 *manner in which, and the extent to which, seniority shall be*
 16 *measured for employees who transfer from the medical center or*
 17 *county.*

18 ~~(e) Permanent employees of the medical center, county, or Kern~~
 19 ~~Health Systems center or county on the effective date of the transfer~~
 20 ~~of the medical center and the managed care plan, as applicable, to~~
 21 ~~the authority, shall be deemed qualified for employment or~~
 22 ~~retention in equivalent positions at the authority, and no other~~
 23 ~~qualifications shall be required except as otherwise required by~~
 24 ~~state or federal law. Probationary employees on the effective date~~
 25 ~~of, the transfer, as set forth in this paragraph, shall retain their~~
 26 ~~probationary status and rights and shall not be deemed to have~~
 27 ~~transferred so as to require serving required to serve a new~~
 28 ~~probationary period. or extend their probationary period by reason~~
 29 ~~of the transfer. To the extent possible, employees who transfer to~~
 30 ~~equivalent positions at the authority shall retain their existing~~
 31 ~~classifications and job descriptions, but to the extent if there is a~~
 32 ~~dispute on over this issue, the authority agrees to meet and confer~~
 33 ~~with the exclusive employee representatives of the transferred~~
 34 ~~employees exclusive authorized representative. employees.~~

35 ~~(f) Employees who transfer from the medical center, county, or~~
 36 ~~Kern Health Systems center or county to the authority shall retain~~
 37 ~~the seniority they earned from their previous employers. The~~
 38 ~~authority shall continue to provide for the maintenance of any~~
 39 ~~benefits that accompany seniority, if they existed, prior to the~~
 40 ~~transfer. All time served in the same, equivalent, or higher~~

1 ~~classification shall be counted toward classification seniority. at~~
2 ~~the medical center or county and any benefits or privileges based~~
3 ~~on the seniority.~~

4 (g) Notwithstanding any other law, employees of the authority
5 may participate in the Kern County Employees' Retirement
6 Association, operated pursuant to the County Employees
7 Retirement Law of 1937 (Chapter 3 (commencing with Section
8 31450) of Part 3 of Division 4 of Title 3 of the Government Code),
9 as follows:

10 (1) Employees transferred from the county or medical center
11 to the authority who are subject to a memorandum of
12 understanding between the authority and an exclusive employee
13 representative, as described in paragraphs (2) and (3) of
14 subdivision (d), and who were members of the Kern County
15 Employees' Retirement Association at the time of their transfer of
16 employment, shall continue to be a member of the Kern County
17 Employees' Retirement Association, retaining service credit earned
18 to the date of transfer, to the extent provided for in the applicable
19 memorandum of understanding.

20 (2) Employees transferred from the county or medical center
21 to the authority who are subject to a memorandum of
22 understanding between the authority and an exclusive employee
23 representative, as described in paragraphs (2) and (3) of
24 subdivision (d), and who were not members of the Kern County
25 Employees' Retirement Association at the time of their transfer of
26 employment, shall subsequently become a member of the Kern
27 County Employees' Retirement Association only to the extent
28 provided for in the applicable memorandum of understanding.

29 (3) Employees transferred from the county or medical center
30 to the authority who are not subject to a memorandum of
31 understanding between the authority and an exclusive employee
32 representative, as described in paragraphs (2) and (3) of
33 subdivision (d), and who were members of the Kern County
34 Employees' Retirement Association at the time of their transfer of
35 employment, shall continue to be a member of the Kern County
36 Employees' Retirement Association, retaining service credit earned
37 to the date of transfer, as provided in the enabling ordinance or
38 the personnel transition plan.

39 (4) Employees transferred from the county or medical center
40 to the authority who are not subject to a memorandum of

1 *understanding between the authority and an exclusive employee*
2 *representative, as described in paragraphs (2) and (3) of*
3 *subdivision (d), and who were not members of the Kern County*
4 *Employees' Retirement Association at the time of their transfer of*
5 *employment, shall subsequently become a member of the Kern*
6 *County Employees' Retirement Association only to the extent*
7 *provided in the enabling ordinance or the personnel transition*
8 *plan.*

9 (5) *Employees hired by the authority on or after the effective*
10 *date of the enabling ordinance shall become a member of the Kern*
11 *County Employees' Retirement Association only to the extent*
12 *provided in the enabling ordinance or personnel transition plan*
13 *described in subdivision (a), or, if subject to a memorandum of*
14 *understanding between the authority and an exclusive employee*
15 *representative as described in paragraphs (2) and (3) of*
16 *subdivision (d), to the extent provided for in the applicable*
17 *memorandum of understanding.*

18 (6) *Notwithstanding any other law, for purposes of California*
19 *Public Employees' Pension Reform Act of 2013 (Article 4*
20 *(commencing with Section 7522) of Chapter 21 of Division 7 of*
21 *Title 1 of the Government Code), an individual who was employed*
22 *by the county or the medical center when it was a constituent*
23 *department of the county, and is a member of the Kern County*
24 *Employees' Retirement Association or the Public Employees'*
25 *Retirement System, as set forth in Part 3 (commencing with Section*
26 *20000) of Division 5 of Title 2 of the Government Code, prior to*
27 *January 1, 2013, and who transfers, directly or after a break in*
28 *service of less than six months, to the authority, in which the*
29 *individual continues to be a member of either the Kern County*
30 *Employees' Retirement Association or the Public Employees'*
31 *Retirement System, as applicable, shall not be deemed to be a new*
32 *employee or a new member within the meaning of Section 7522.04*
33 *of the Government Code, and shall continue to be subject to the*
34 *same defined benefit formula, as defined in Section 7522.04 of the*
35 *Government Code, as it would have been available to members of*
36 *the Kern County Employees' Retirement Association or the Public*
37 *Employees' Retirement System who were first employed by the*
38 *county or medical center and as a result of the employment became*
39 *a member of a public retirement system, on or before December*
40 *31, 2012.*

1 (h) This chapter shall not prohibit the authority from contracting
 2 with the Public Employees' Retirement System, in accordance with
 3 the requirements of Section 20508 and any other applicable
 4 provisions of Part 3 (commencing with Section 20000) of Division
 5 5 of Title 2 of the Government Code, for the purpose of providing
 6 employee participation in that system, or from establishing an
 7 alternative or supplemental retirement system or arrangement,
 8 including, but not limited to, deferred compensation arrangements,
 9 to the extent permitted by law and subject to any applicable
 10 agreement between the authority and the exclusive employee
 11 representatives, and as provided in the enabling ordinance or the
 12 personnel transition plan.

13 ~~(g) Notwithstanding anything to the contrary contained in this~~
 14 ~~chapter, this chapter~~

15 (i) Provided that this is not inconsistent with anything in this
 16 chapter, this chapter does not prohibit the authority from
 17 determining the number of employees, the number of full-time
 18 equivalent positions, job descriptions, the nature and extent of
 19 classified employment positions, and salaries of employees.

20

21

Article 3. Board of ~~Trustees~~ *Governors*

22

23 101854. (a) The authority established pursuant to this chapter
 24 shall be governed by a board of ~~trustees~~ *governors* that is
 25 appointed, both initially and continually, by the board of
 26 supervisors. The board of supervisors, in the enabling ordinance,
 27 shall specify the *number of members and the composition of*
 28 *membership of the board of* ~~trustees~~ *governors*, the qualifications
 29 for individual members, the manner of appointment, selection, or
 30 removal of board of ~~trustees~~ *governors* members, their terms of
 31 office, and all other matters that the board of supervisors deems
 32 necessary or convenient for the conduct of the board of ~~trustees~~
 33 *governors*. Notwithstanding any other law, at the board of
 34 supervisors' discretion and as specified in the enabling ordinance,
 35 the board of ~~trustees~~ *governors* may consist entirely of members
 36 of the board of supervisors or may include any number of the
 37 members of the board of ~~supervisors~~ *supervisors or county officers*
 38 *or employees appointed to represent the interest of the county.*

39 (b) The board of supervisors, either during or after the formation
 40 of the authority, may modify the number, length of terms, ~~and~~

1 ~~appointing authority for the board of trustees, qualifications,~~
2 ~~method of appointment,~~ and provisions for all other matters
3 pertaining to the board of ~~trustees~~ *governors* by subsequent
4 ordinance.

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

13 (d) Notwithstanding any other law, a member of the board of
14 ~~trustees governors~~ shall not be deemed to be interested in a contract
15 entered into by the authority within the meaning of Article 4
16 (commencing with Section 1090) of Chapter 1 of Division 4 of
17 Title 1 of the Government Code if either of the following apply:

18 (1) *The contract is between the authority and the county or an*
19 *agency of the county, and the member is also a member of the*
20 *board of supervisors, or is a county officer or employee appointed*
21 *to represent the interests of the*~~board of supervisors.~~ *county.*

22 (2) All the following applies to the member:

23 (A) The member was appointed to represent the interests of
24 physicians, health care practitioners, hospitals, pharmacies, or
25 other health care organizations, or beneficiaries.

26 (B) The contract authorizes the member or the organization the
27 member represents to provide services to beneficiaries under the
28 authority's programs.

29 (C) The contract contains substantially the same terms and
30 conditions as contracts entered into with other individuals or
31 organizations that the member was appointed to represent.

32 (D) The member does not influence or attempt to influence the
33 health authority or another member of the authority to enter into
34 the contract in which the member is interested.

35 (E) The member discloses the interest to the authority and
36 abstains from voting on the contract.

37 (F) The board of ~~trustees governors~~ notes the member's
38 disclosure and abstention in its official records and authorizes the
39 contract in good faith by a vote of its membership sufficient for
40 the purpose without counting the vote of the interested member.

1 (e) Members of the board of ~~trustees~~ *governors* shall not be
2 vicariously liable for injuries caused by the act or omission of the
3 authority to the extent that protection applies to members of
4 governing boards of local public entities generally under Section
5 820.9 of the Government Code.

6 (f) The board of ~~trustees~~ *governors* created and appointed
7 pursuant to this chapter is a duly constituted governing body as
8 the term is used in Section 1250 and defined in Section 70035 of
9 Title 22 of the California Code of Regulations.

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

18
19 Article 4. Powers and Duties of the Authority
20

21 101855. (a) The authority, in addition to any other powers
22 granted pursuant to this chapter, shall have the following powers:

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

25 (2) To have perpetual existence.

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

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

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

34 (6) To appoint and employ a chief executive officer and other
35 officers and employees that may be necessary or appropriate,
36 including legal counsel, to establish their compensation, provide
37 for their health, retirement, and other employment benefits, and
38 to define the power and duties of officers and employees.

39 (7) (A) To incur indebtedness and to borrow money and issue
40 bonds evidencing the same, including the authority to issue, from

1 time to time, notes and revenue bonds in principal amounts that
2 the authority determines to be necessary to provide sufficient funds
3 for achieving any of its purposes, including, but not limited to,
4 assumption or refinancing of debt service for capital projects
5 eligible for Medi-Cal supplemental payments pursuant to Section
6 14085.5 of the Welfare and Institutions Code, *or any successor or*
7 *modified Medi-Cal debt service reimbursement program*, the
8 payment of interest on notes and bonds of the authority, the
9 establishment of reserves to secure ~~these~~ *those* notes and bonds,
10 and all other expenditures of the authority incident to and necessary
11 or convenient to carry out its purposes and powers.

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

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

33 (D) Nothing ~~herein in this section~~ shall preclude the authority
34 from repayment of its debts or other liabilities, using funds that
35 are not otherwise encumbered and ~~do not cause the managed care~~
36 ~~plan's tangible net equity to drop below its required level.~~
37 *encumbered.*

38 (8) To pursue its own credit rating.

39 (9) To enter into a contract or agreement consistent with this
40 chapter or the laws of this state, *including, but not limited to,*

1 *contracting with any public or private entity or person for*
2 *management or other services and personnel*, and to authorize the
3 chief executive officer to enter into contracts, execute all
4 instruments, and do all things necessary or convenient in the
5 exercise of the powers granted in this chapter.

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

8 (11) To establish policies relating to its purposes.

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

16 (13) To participate in, contract for, and to accept, gifts, grants,
17 and loans of funds, property, or other aid or finance opportunity
18 in any form from the federal government, the state, a state agency,
19 or other source, or combination thereof, as otherwise would be
20 available to a public, government, or private entity, and to comply,
21 subject to this chapter, with the terms and conditions thereof.

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

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

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

34 (17) To enter into joint powers agreements pursuant to Chapter
35 5 (commencing with Section 6500) of Division 7 of Title 1 of the
36 Government Code. Notwithstanding any other provision of law,
37 the authority may enter into a joint powers agreement as described
38 in Section 6523.5 of the Government Code as though that section
39 applied to hospitals and other health care facilities in the County
40 of Kern.

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

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

6 (20) To use a computerized management information system,
7 including an electronic health records system, in connection with
8 *its operations, including, without limitation* the administration of
9 ~~its facilities and Medi-Cal managed care plans.~~ *facilities.*

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

20 (22) Notwithstanding the provisions of this chapter relating to
21 the obligations and liabilities of the authority, or any other law, a
22 transfer of control or ownership of the medical center ~~and the~~
23 ~~managed care plan~~ *to the authority pursuant to this chapter* shall
24 confer onto the authority all the rights, *privileges,* and ~~duties~~
25 *authority* set forth in state law ~~with respect to own, operate, and~~
26 *provide coverage and services through* hospitals, clinics and other
27 health facilities, health programs, care organizations, physician
28 practice plans, delivery systems, ~~and~~ health care service plans, *and*
29 *other coverage mechanisms that may be owned or operated by a*
30 *county.*

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

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

36 (1) (A) Be a government agency that is a local unit of
37 government separate and apart for all purposes from the county
38 and any other public entity, and shall not be considered to be an
39 agency, division, or department of the county or any other public
40 entity. The authority shall not be governed by or subject to the

1 civil service requirements of the county. Except as otherwise
2 provided for in the enabling ordinance consistent with this chapter,
3 and as set forth in Section ~~101853.1~~, *101853.1 relating to the*
4 *personnel transition plan*, the authority shall not be governed by,
5 or subject to, other policies or operational rules of the county,
6 medical center, or any other public entity, including, but not limited
7 to, those relating to personnel and procurement.

8 (B) The board of ~~trustees~~ *governors* shall adopt written rules,
9 regulations, and procedures with regard to basic human resource
10 functions not inconsistent with ~~employees'~~ memoranda of
11 understanding *covering employees represented by employee*
12 *organizations* or the provisions of this chapter. Until the time that
13 the board of ~~trustees~~ *governors* adopts its own rules, regulations,
14 or procedures with regard to these functions, the existing rules,
15 regulations, and procedures set forth in any memoranda of
16 understanding described in Section ~~101853.1~~ *and the enabling*
17 ~~ordinance shall~~ *101853.1, and the rules and regulations adopted*
18 *by the county and described in paragraph (4), shall continue to*
19 *apply.*

20 (2) Be subject to state and federal taxation laws that are
21 applicable to public entities generally.

22 (3) Except as otherwise specifically provided in this chapter,
23 comply with the Meyers-Milias-Brown Act (Chapter 10
24 (commencing with Section 3500) of Division 4 of Title 1 of the
25 Government Code), the Public Records Act (Chapter 3.5
26 (commencing with Section 6250) of Division 7 of Title 1 of the
27 Government Code), and the Ralph M. Brown Act (~~Chapter 10~~
28 ~~(commencing with Section 3500) of Division 4 of Title 1~~ (*Chapter*
29 *9 (commencing with Section 54950) of Part 1 of Division 2 of Title*
30 *5 of the Government Code*).

31 (4) Be subject to the jurisdiction of the Public Employment
32 Relations Board. Until the authority adopts ~~local~~ *rules and*
33 *regulations* pursuant to subdivision (a) of Section 3507 of the
34 Government Code, the ~~Public Employment Relations Board's~~
35 ~~regulations apply~~; *existing rules adopted by the county and*
36 *contained in the county's employer-employee relations resolution,*
37 *as amended, shall apply, modified to account for the creation of*
38 *the authority, and provided further that the resolution shall not*
39 *contain any incorporation of the county's civil service rules or*
40 *county ordinances unless specifically addressed in this chapter.*

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

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

5 (7) *Maintain financial and accounting records.*

6 ~~(7)~~

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

8 (c) ~~The Subject to any restrictions applicable to public agencies,~~
9 ~~and subject to any limitations or conditions set forth in the enabling~~
10 ~~ordinance adopted by the board of supervisors, the authority may~~
11 ~~borrow money from the county, repay debt and otherwise it owes~~
12 ~~to the county, and use the borrowed funds to provide and arrange~~
13 ~~for medical services; for its operating and capital needs. The~~
14 ~~county may lend the authority funds or issue revenue anticipation~~
15 ~~notes to obtain those funds necessary to operate the medical center~~
16 ~~and managed care plan; meet its operating or capital needs.~~

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

22 (e) (1) Notwithstanding any other law, the board of ~~trustees~~
23 *governors* may order that a meeting held solely for the purpose of
24 discussion or taking action on authority trade secrets, as defined
25 in subdivision (d) of Section 3426.1 of the Civil Code, shall be
26 held in closed session. Trade secrets for purposes of this chapter
27 shall also include information for which the secrecy of the
28 information is necessary for the authority to initiate a new service,
29 program, marketing strategy, business plan, or technology, or to
30 add a benefit or product, and premature disclosure of the trade
31 secret would create a substantial probability of depriving the
32 authority of a substantial economic benefit or opportunity.

33 (2) The requirements of making a public report of actions taken
34 in closed session and the vote or abstention of every member
35 present may be limited to a brief general description devoid of the
36 information constituting the trade secret.

37 (3) Those records of the authority that reveal the authority's
38 trade secrets are exempt from disclosure pursuant to the California
39 Public Records Act (Chapter 3.5 (commencing with Section 6250)
40 of Division 7 of Title 1 of the Government Code), or any similar

1 local law requiring the disclosure of public records. This exemption
2 shall apply for a period of two years after the service, program,
3 marketing strategy, business plan, technology, benefit, or product
4 that is the subject of the trade secret is formally adopted by the
5 governing body of the health authority, provided that the service,
6 program, marketing strategy, business plan, technology, benefit,
7 or product continues to be a trade secret. The board of ~~trustees~~
8 *governors* may delete the portion or portions containing trade
9 secrets from any documents that were finally approved in the closed
10 session that are provided to persons who have made the timely or
11 standing request.

12 (4) This ~~section~~ *chapter* shall not prevent the board of ~~trustees~~
13 *governors* from meeting in closed session as otherwise provided
14 by law.

15 (f) Notwithstanding any other law, those records of the authority
16 and of the county that reveal the authority's rates of payment for
17 health care services ~~for the managed care plan, the rates of payment~~
18 ~~for health care services arranged or provided by the medical center,~~
19 ~~or the authority's authority or its deliberative processes, strategies,~~
20 discussions, communications, or any other portion of the
21 negotiations with providers of health care services or Medi-Cal,
22 health care plans or other payors for rates of payment, shall not be
23 required to be disclosed pursuant to the California Public Records
24 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
25 of Title 1 of the Government Code), or any similar local law
26 requiring the disclosure of public records. However, three years
27 after a contract or amendment to a contract is fully executed, the
28 portion of the contract or amendment containing the rates of
29 payment shall be open to inspection.

30 (g) The authority shall be a public agency that is a local unit of
31 government for purposes of eligibility with respect to grants and
32 other funding and loan guarantee programs. Contributions to the
33 authority shall be tax deductible to the extent permitted by state
34 and federal law. Nonproprietary income of the authority shall be
35 exempt from state income taxation.

36 (h) Unless otherwise provided by the board of supervisors by
37 way of resolution, the authority is empowered, or the board of
38 supervisors is empowered on behalf of the authority, to apply as
39 a public agency for one or more licenses for the provision of health
40 care or the operation of a health care ~~services~~ *service* plan pursuant

1 to statutes and regulations governing licensing as currently written
2 or subsequently amended.

3 (i) The statutory authority of a board of supervisors to prescribe
4 rules that authorize a county hospital to integrate its services with
5 those of other providers into a system of community service that
6 offers free choice of hospitals to those requiring hospital care, as
7 set forth in Section 14000.2 of the Welfare and Institutions Code,
8 shall apply to the authority and the board of ~~trustees~~ *governors*.

9 (j) (1) Except as otherwise provided in this chapter, provisions
10 of the Evidence Code, the Government Code, including the Public
11 Records Act (Chapter 3.5 (commencing with Section 6250) of
12 Division 7 of Title 1 of the Government Code), the Civil Code,
13 the Business and Professions Code, and other applicable law
14 pertaining to the confidentiality of peer review activities of peer
15 review bodies shall apply to the peer review activities of the
16 authority, or any peer review body, as defined in paragraph (1) of
17 subdivision (a) of Section 805 of the Business and Professions
18 Code, formed pursuant to the powers granted to the authority. The
19 laws pertaining to the confidentiality of peer review activities shall
20 be together construed as extending, to the extent permitted by law,
21 the maximum degree of protection of confidentiality.

22 (2) Notwithstanding Article 9 (commencing with Section 11120)
23 of Chapter 1 of Part 1 of Division 3 of Title 2 of, and Chapter 9
24 (commencing with Section 54950) of Part 1 of Division 2 of Title
25 5 of, the Government Code, or any other provision of law, any
26 peer review body formed pursuant to the powers granted to the
27 authority, may, at its discretion and without notice to the public,
28 meet in closed session, so long as the purpose of the meeting is
29 the peer review body's discharge of its responsibility to evaluate
30 and improve the quality of care rendered by health facilities and
31 health practitioners. The peer review body and its members shall
32 receive, to the fullest extent, all immunities, privileges, and
33 protections available to those peer review bodies, their individual
34 members, and persons or entities assisting in the peer review
35 process, including those afforded by Section 1157 of the Evidence
36 Code and Section 1370. Peer review proceedings shall constitute
37 an official proceeding authorized by law within the meaning of
38 Section 47 of the Civil Code and those privileges set forth in that
39 section with respect to official proceedings shall apply to peer
40 review proceedings of the authority.

1 (3) Notwithstanding the California Public Records Act (Chapter
2 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
3 the Government Code), or Article 9 (commencing with Section
4 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, and
5 Chapter 9 (commencing with Section 54950) of Part 1 of Division
6 2 of Title 5 of, the Government Code, or any other provision of
7 state or local law requiring disclosure of public records, those
8 records of a peer review body formed pursuant to the powers
9 granted to the authority, shall not be required to be disclosed. The
10 records and proceedings of the peer review body and its individual
11 members shall receive, to the fullest extent, all immunities,
12 privileges, and protections available to those records and
13 proceedings, including those afforded by Section 1157 of the
14 Evidence Code and Section 1370 of the Health and Safety Code.

15 (4) If the authority is required by law or contractual obligation
16 to submit to the state or federal government peer review
17 information or information relevant to the credentialing of a
18 participating provider, that submission shall not constitute a waiver
19 of confidentiality.

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

23 (k) Except as expressly provided by other provisions of this
24 section, all exemptions and exclusions from disclosure as public
25 records pursuant to this chapter and the California Public Records
26 Act, including, but not limited to, those pertaining to trade secrets
27 and information withheld in the public interest, shall be fully
28 applicable *to the authority, and* for the board of supervisors, and
29 all state and local agencies with respect to all writings that the
30 authority is required to prepare, produce, or submit, and which
31 shall not constitute a waiver of exemption from disclosure.

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

36 (m) The board of ~~trustees~~ *governors* shall have authority over
37 procurement and contracts for the authority. The board of ~~trustees~~
38 *governors* shall adopt written rules, regulations, and procedures
39 with regard to these functions. Contracts by and between the
40 authority and a public agency, and contracts by and between the

1 authority and providers of health care, goods, or services, may be
2 let on a nonbid basis and shall be exempt from Chapter 2
3 (commencing with Section 10290) of Part 2 of Division 2 of the
4 Public Contract Code.

5 (n) The authority may contract with the county for services and
6 personnel upon mutually agreeable terms.

7 (o) Notwithstanding Article 4.7 (commencing with Section
8 1125) of Chapter 1 of Division 4 of Title 1 of the Government
9 Code, related to incompatible activities, *Section 1099 of the*
10 *Government Code, related to incompatible offices, or any other*
11 *law*, a member of the authority's administrative staff shall not be
12 considered to *hold an incompatible office or to be engaged in*
13 *activities inconsistent and incompatible with his or her duties as*
14 *a result of—prior his or her employment or affiliation with the*
15 *county or Kern Health Systems, or an agency of the county.*

16 (p) The board of ~~trustees~~ *governors* and the officers and
17 employees of the authority are public employees for purposes of
18 Division 3.6 (commencing with Section 810) of Title 1 of the
19 Government Code, relating to claims and actions against public
20 entities and public employees, and shall be protected by the
21 immunities applicable to public entities and public employees
22 governed by Part 2 (commencing with Section 814) of Division
23 3.6 of Title 1 of the Government Code, except as provided by other
24 statutes or regulations that apply expressly to the authority.

25 101855.1. (a) Transfer by the county to the authority of the
26 maintenance, operation, and management or ownership of the
27 medical center, whether or not the transfer includes the
28 surrendering by the county of the existing general acute care
29 hospital license and corresponding application for a change of
30 ownership of the license, shall not affect the eligibility of the
31 county to undertake, and shall authorize the authority, subject to
32 applicable requirements, to do any of the following:

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

1 (2) With the written consent of the county, participate in and
2 receive allocations of local revenue fund amounts provided
3 pursuant to Chapter 6 (commencing with Section 17600) of Part
4 5 of Division 9 of the Welfare and Institutions Code as may be
5 identified or earmarked by the county for indigent health care
6 services of the type provided by the medical center.

7 (3) Participate in the financing of, *as applicable*, and receive,
8 Medicaid disproportionate share hospital payments available to a
9 county hospital or designated public hospital, or any other
10 successor or modified payment or funding that is intended to assist
11 hospitals that serve a disproportionate share of low-income patients
12 with special needs. The allocation of Medicaid disproportionate
13 share hospital payments shall be made in consultation with the
14 State Department of Health Care Services and other designated
15 safety net hospitals.

16 (4) Participate in the financing of, *as applicable*, and receive,
17 Medi-Cal *payments and* supplemental reimbursements, including,
18 but not limited to, payments made pursuant to Sections 14105.96,
19 14105.965, 14166.4, ~~and 14182.15~~ *14182.15, and 14199.2* of the
20 Welfare and Institutions Code, payments described in paragraph
21 (4) of subdivision (b) of Section 14301.4 of, and Section 14301.5
22 of, the Welfare and Institutions Code, and payments made available
23 to a county provider or designated public hospital, or governmental
24 entity with which it is affiliated, under any other successor or
25 modified Medicaid payment system.

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

39 (6) Participate in the financing, administration, and provision
40 of services under the Low Income Health Program authorized

1 pursuant to Part 3.6 (commencing with Section 15909) of Division
 2 9 of the Welfare and Institutions Code, or under any other successor
 3 or modified Medicaid demonstration project or Medicaid payment
 4 system if the authority enters into an agreement with the county
 5 concerning the provision of services by, and payment for these
 6 services to, the county.

7 (7) Participate in and receive direct grant and payment
 8 allocations pursuant to Article 5.230 (commencing with Section
 9 14169.50) of Chapter 7 of Part 3 of Division 9 of the Welfare and
 10 Institutions Code, or under any other successor or modified direct
 11 grant and payment systems funded by hospital or other provider
 12 fee assessments.

13 (8) Receive Medi-Cal capital supplements pursuant to Section
 14 14085.5 of the Welfare and Institutions ~~Code~~: *Code, or any other*
 15 *successor or modified Medi-Cal debt service reimbursement*
 16 *program*. Notwithstanding any other law, supplemental payments
 17 shall be made to the medical center under ~~Section 14085.5 of the~~
 18 ~~Welfare and Institutions Code~~ *those programs* for the debt service
 19 costs incurred by the county, and, if applicable, by the authority
 20 to the extent that debt service responsibility is refinanced,
 21 transferred to, or otherwise assumed by, directly or indirectly, the
 22 authority.

23 (9) Receive any other funds, *or preference in the assignment of*
 24 *health care plan enrollees*, that would otherwise be available to a
 25 county *health plan*, provider, or designated public hospital, or
 26 governmental entity with which it is affiliated.

27 (b) ~~A transfer described in subdivision (a)~~ *The transfer of the*
 28 *medical center to the authority pursuant to this chapter* shall not
 29 otherwise disqualify the county or the ~~board of trustees, or in the~~
 30 ~~case of a change in license ownership, the authority,~~ *authority*
 31 from participating in any of the following:

32 (1) Local, state, and federal funding sources either specific to
 33 county or other publicly owned or operated health care service
 34 plans, hospitals, or other health care providers including, but not
 35 limited to, ambulatory care clinics, health systems, practices,
 36 designated public hospitals, or government entities with which
 37 they are affiliated, for which there are special provisions specific
 38 to those *plans*, hospitals, ambulatory care clinics, health systems,
 39 practices, other health care providers or government entities with
 40 which they are affiliated.

1 (2) ~~Funding~~ *All funding* programs in which the county, by itself
 2 or on behalf of the medical center, or in which Kern Health
 3 Systems center had participated prior to the creation of the
 4 authority, or would otherwise be qualified to participate in had the
 5 authority not been created, and the maintenance, operation, and
 6 management or ownership of the medical center or managed care
 7 plan not been transferred to the authority pursuant to this chapter.

8
 9 Article 5. ~~Termination~~ *Dissolution* of the Authority

10
 11 101856. (a) The board of supervisors may find and declare
 12 that the authority shall cease to exist. In that event, the board of
 13 supervisors shall provide for the disposition of the authority’s
 14 assets, obligations, and ~~liabilities~~: *liabilities, which may include*
 15 *the transfer to the county of the medical center and other*
 16 *operations, or specified components of the medical center and*
 17 *other operations, through ordinance, resolution, or other action.*
 18 *Alternatively, the board of supervisors may order the board of*
 19 *governors to develop a plan of dissolution providing for the*
 20 *disposition of all of the assets and liabilities of the authority, which*
 21 *shall be subject to approval by the board of supervisors.* Absent
 22 written agreement, the county shall not be obligated under any law
 23 to assume the authority’s obligations or liabilities, or take title to,
 24 or custody or control of the authority’s assets. ~~Upon notification~~
 25 ~~by the authority of the~~

26 (b) ~~Upon the disposition of the authority’s assets and liabilities,~~
 27 ~~liabilities of the authority and distribution of any remaining assets,~~
 28 ~~as applicable,~~ the board of supervisors shall rescind the ordinance
 29 that established the authority, and the authority shall cease to ~~exist~~
 30 ~~on the date set forth in the rescinding ordinance.~~ *exist.* The board
 31 of supervisors shall notify the State Department of Health Care
 32 Services 30 days prior to the effective date of the ~~termination.~~ ~~The~~
 33 ~~notice may also include a statement of the board of supervisors’~~
 34 ~~intent to have dissolution, and include in the notice whether the~~
 35 ~~county intends for either or both, or specified components of,~~ the
 36 ~~medical center and the managed care plan or other operations to~~
 37 ~~be transferred to the county upon the effective date of termination~~
 38 ~~dissolution~~ of the authority.

39 ~~101856.1. In the event that the authority votes to file a petition~~
 40 ~~of bankruptcy, or the board of supervisors notifies the State~~

1 Department of Health Care Services of its intent to terminate the
 2 authority, the provisions set forth in paragraphs (5) and (6) of
 3 subdivision (t) of Section 14087.38 of the Welfare and Institutions
 4 Code shall apply unless the board of supervisors has notified the
 5 State Department of Health Care Services of its intent to have the
 6 medical center and the managed care plan transferred to the county.

7 ~~SEC. 2.~~

8 *SEC. 4.* The Legislature finds and declares that Section 1 3 of
 9 this act, which adds Chapter 5.5 (commencing with Section
 10 101852) to Part 4 of Division 101 of the Health and Safety Code,
 11 imposes a limitation on the public’s right of access to the meetings
 12 of public bodies or the writings of public officials and agencies
 13 within the meaning of Section 3 of Article I of the California
 14 Constitution. Pursuant to that constitutional provision, the
 15 Legislature makes the following findings to demonstrate the interest
 16 protected by this limitation and the need for protecting that interest:

17 In order to enable the Kern County ~~Health System~~ *Hospital*
 18 Authority to successfully operate ~~both the Kern Medical Center~~
 19 ~~and managed care plan as an integrated~~ *a* delivery system that
 20 increases access to health care in the community and proactively
 21 improves the quality of patient care services and patient experience,
 22 it is imperative that the authority’s discussions, deliberative
 23 processes, writings, and other communications pertaining to trade
 24 secrets or other strategic planning actions, its rates of payments
 25 for providing or arranging for health care services, and its peer
 26 review functions by which it discharges its responsibility to
 27 evaluate and improve the quality of care be protected as
 28 confidential information.

29

30

31 **CORRECTIONS:** _____

32 **Text—Pages 8, 10, and 16.**

33 _____

O