

AMENDED IN ASSEMBLY AUGUST 7, 2013

AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 615

Introduced by Senator Galgiani

February 22, 2013

An act to *amend Section 15438.7 of the Government Code, and to add Section 1720.7 to the Labor Code, relating to public works, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

SB 615, as amended, Galgiani. Public works: prevailing ~~wages~~. *wages: California Health Facilities Financing Authority Act.*

Existing law defines "public works," for purposes of regulating public works contracts, as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds. Existing law further requires that, except as specified, not less than the general prevailing rate of per diem wages be paid to workers employed on public works and imposes misdemeanor penalties for a violation of this requirement.

This bill would expand the definition of "public works," for the purposes of provisions relating to the prevailing rate of per diem wages, to also include any construction, alteration, demolition, installation, or repair work done under private contract on a hospital or health care facility project when the project is paid for in whole or in part with the proceeds of conduit revenue bonds, as defined, that were issued on or after January 1, 2014.

Because the violation of prevailing wage requirements when engaged in these public works projects would result in the imposition of misdemeanor penalties, this bill would impose a state-mandated local program.

The California Health Facilities Financing Authority Act authorizes the California Health Facilities Financing Authority (authority) to make loans from the continuously appropriated California Health Facilities Financing Authority Fund to participating health institutions for financing or refinancing the acquisition, construction, or remodeling of health facilities. Existing law authorizes the authority to award grants, which are funded by the California Health Facilities Financing Authority Fund, to any eligible health facility for purposes of financing projects.

This bill would authorize the authority to award grants to nonpublic offices providing health care services that are operated by either a medical group, independent practice association, physician office, or clinic with more than 10 physicians that has a Medi-Cal or medically indigent encounter rate of at least 50% of total patients served in a calendar year, or by a medical practice of 10 or fewer physicians in which at least 30% of patients served in a calendar year are enrolled in Medi-Cal.

Because the bill would authorize the expenditure of continuously appropriated funds for new purposes, the bill would make an appropriation.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

- 1 SECTION 1. Section 15438.7 of the Government Code is
- 2 amended to read:
- 3 15438.7. (a) The Legislature finds and declares all of the
- 4 following:

1 (1) There are small health care facilities throughout the state
2 that are in critical need of capital improvements to continue to
3 provide quality health care services.

4 (2) Some of these facilities currently lack the ability to take on
5 debt and have little access to capital.

6 (3) This lack of access to capital threatens the quality and
7 accessibility of the services provided by health care facilities and
8 hampers their ability to gain the financial strength to better access
9 the capital markets.

10 (4) The state’s health care system is reliant upon those health
11 care facilities that treat low-income, uninsured, or vulnerable
12 populations, such as the developmentally disabled, the elderly, the
13 mentally ill, emotionally disturbed children, and the chemically
14 dependent.

15 (5) The grant program provided in this section is in the public
16 interest, serves a public purpose, and will promote the health,
17 welfare, and safety of the citizens of the state.

18 (b) (1) The authority may award grants to any eligible health
19 facility, as defined in subdivision (d) of Section 15432 for purposes
20 of financing projects, as defined in subdivision (f) of Section
21 15432.

22 (2) *For purposes of paragraph (1), an “eligible health facility”*
23 *also includes a nonpublic office providing health care services*
24 *that is operated by either of the following:*

25 (A) *A medical group, independent practice association,*
26 *physician office, or clinic with more than 10 physicians that has*
27 *a Medi-Cal or medically indigent encounter rate of at least 50*
28 *percent of total patients served in a calendar year, based on claims*
29 *or encounter data.*

30 (B) *A medical practice of 10 or fewer physicians in which at*
31 *least 30 percent of patients served in a calendar year are enrolled*
32 *in Medi-Cal.*

33 (c) The authority shall develop selection criteria and a process
34 for awarding grants under this section. When developing the
35 selection criteria for the awarding of grants under this section, the
36 authority shall take into consideration all of the following factors:

37 (1) The need for the grant based on the applicant’s total net
38 assets.

39 (2) Whether the grant will leverage additional dollars to
40 complete the project.

1 (3) The importance and level of services to vulnerable
2 populations that will be generated.

3 (4) The level of access to capital by the applicant.

4 (5) Demonstration by the applicant of project readiness and
5 feasibility.

6 (6) Total dollars available for purposes of this section.

7 (d) It is the intent of the Legislature to assist those small health
8 facilities that have demonstrated superior management but little
9 to no access to capital and whose services are threatened by a
10 critical need for capital improvements.

11 (e) In no event shall a grant to finance a project exceed the total
12 cost of the project, as determined by the health facility and
13 approved by the authority. Grants shall be awarded only to facilities
14 that have certified to the authority that all requirements established
15 by the authority for grantees have been met.

16 (f) All projects that are awarded grants shall be completed within
17 a reasonable period of time, to be determined by the authority. No
18 funds shall be released by the authority until the applicant
19 demonstrates project readiness to the authority’s satisfaction. If
20 the authority determines that the health facility has failed to
21 complete the project under the terms specified in awarding the
22 grant, the authority may require remedies, including the return of
23 all or a portion of the grant. Certification of project completion
24 shall be submitted to the authority by any health facility receiving
25 a grant under this section.

26 (g) Subject to subdivision (h), grants to be awarded under this
27 section shall be financed by funds from the California Health
28 Facilities Authority Fund.

29 (h) Grants shall only be available pursuant to this section if the
30 authority determines that it has sufficient moneys available in the
31 California Health Facilities Authority Fund. Nothing in this section
32 shall require the authority to award grants if the authority
33 determines that it has insufficient moneys available in the
34 California Health Facilities Authority Fund to award grants.

35 (i) The authority may annually determine the amount available
36 for purposes of this section.

37 ~~SECTION 1.~~

38 *SEC. 2.* Section 1720.7 is added to the Labor Code, to read:

39 1720.7. For the limited purposes of Article 2 (commencing
40 with Section 1770) of this chapter, “public work” also means any

1 construction, alteration, demolition, installation, or repair work
2 done under private contract on a hospital or health care facility
3 project when the project is paid for in whole or in part with the
4 proceeds of conduit revenue bonds, as defined in Section 5870 of
5 the Government Code, issued on or after January 1, 2014, by a
6 public agency.

7 ~~SEC. 2.~~

8 *SEC. 3.* No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.

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