ASSEMBLY BILL   No. 2737

Introduced by Assembly Member Bonta

February 19, 2016

An act to add Chapter 8 (commencing with Section 32495) to Division 23 of the Health and Safety Code, relating to health care districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2737, as amended, Bonta. Nonprovider health care districts.

The Local Health Care District Law provides for local health care districts that govern certain health care facilities. Each health care district has specific duties and powers respecting the creation, administration, and maintenance of the districts, including the authority to purchase, receive, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district.

This bill would require a nonprovider health care district, as defined, to spend at least 80% of its annual budget on community grants awarded to organizations that provide direct health services and not more than 20% of its annual budget on administrative expenses. *expenses, as defined.* By requiring a higher level of service from nonprovider health care districts, this bill would impose a state-mandated local program.

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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1   SECTION 1. Chapter 8 (commencing with Section 32495) is
2 added to Division 23 of the Health and Safety Code, to read:
3
4   Chapter 8. Nonprovider Health Care Districts
5
6   32495. For the purposes of this chapter, the following
7 definitions shall apply:
8   *(a) "Administrative expenses" means expenses relating to the*
9 *general management of a health care district, such as accounting,*
10 *budgeting, personnel, procurement, legislative advocacy services,*
11 *public relations, salaries, benefits, rent, office supplies, or other*
12 *miscellaneous overhead costs.*
13   ~~(a)~~
14   *(b)* "Direct health service" means ownership or direct operation
15 of a hospital, medical clinic, ambulance service, transportation
16 program for seniors or persons with disabilities, a wellness center,
17 health education, or other similar service.
18   ~~(b)~~
19   *(c)* "Nonprovider health care district" means a health care district
20 that meets all of the following criteria:
21   (1) The district does not provide direct health care services to
22 consumers.
23   (2) The district has not received an allocation of real property
24 taxes in the past three years.
25   (3) The district has assets of twenty million dollars
26 ($20,000,000) or more.
27   (4) The district is not located in a rural area that is typically
28 underserved for health care services.
29   (5) In two or more consecutive years, the amount the district
30 has dedicated to community grants has amounted to less than twice

1 the total administrative costs and overhead not directly associated
2 with revenue-generating enterprises.
3   32496. (a) A nonprovider health care district shall not spend
4 more than 20 percent of its annual budget on administrative
5 expenses.
6   (b) A nonprovider health care district shall spend at least 80
7 percent of its annual budget on community grants awarded to
8 organizations that provide direct health services.
9   SEC. 2. If the Commission on State Mandates determines that
10 this act contains costs mandated by the state, reimbursement to
11 local agencies and school districts for those costs shall be made
12 pursuant to Part 7 (commencing with Section 17500) of Division
13 4 of Title 2 of the Government Code.

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