

AMENDED IN ASSEMBLY MAY 24, 2016

AMENDED IN ASSEMBLY APRIL 11, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

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, as defined. *The bill would require a nonprovider health care district to pay any amount required to be paid in the district's annual budget year by a final judgment, court order, or arbitration award before payment of those grants or administrative expenses, as specified.* 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 (b) "Direct health service" means ownership or direct operation
14 of a hospital, medical clinic, ambulance service, transportation
15 program for seniors or persons with disabilities, a wellness center,
16 health education, or other similar service.

17 (c) "Nonprovider health care district" means a health care district
18 that meets all of the following criteria:

19 (1) The district does not provide direct health care services to
20 consumers.

21 (2) The district has not received an allocation of real property
22 taxes in the past three years.

23 (3) The district has assets of twenty million dollars
24 (\$20,000,000) or more.

25 (4) The district is not located in a rural area that is typically
26 underserved for health care services.

1 (5) In two or more consecutive years, the amount the district
2 has dedicated to community grants has amounted to less than twice
3 the total administrative costs and overhead not directly associated
4 with revenue-generating enterprises.

5 32496. (a) A nonprovider health care district shall not spend
6 more than 20 percent of its annual budget on administrative
7 expenses.

8 (b) A nonprovider health care district shall spend at least 80
9 percent of its annual budget on community grants awarded to
10 organizations that provide direct health services.

11 32498. *Notwithstanding Section 32496, and prior to payment*
12 *of any annual budget item described in Section 32496, a*
13 *nonprovider health care district shall pay any amount required to*
14 *be paid in the district's annual budget year by a final judgment,*
15 *court order, or arbitration award for which appeals have been*
16 *exhausted or for which the period for appeal has expired,*
17 *enforcement of which is not barred by the order of any court or*
18 *by any statutory provision, and which has not been nullified or*
19 *rendered void by any court order or statutory provision.*

20 SEC. 2. If the Commission on State Mandates determines that
21 this act contains costs mandated by the state, reimbursement to
22 local agencies and school districts for those costs shall be made
23 pursuant to Part 7 (commencing with Section 17500) of Division
24 4 of Title 2 of the Government Code.