

AMENDED IN ASSEMBLY AUGUST 31, 2015

AMENDED IN ASSEMBLY JUNE 22, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 13, 2015

**SENATE BILL**

**No. 315**

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**Introduced by Senators Monning and Hernandez  
(Coauthor: Senator Pan)**

February 23, 2015

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An act to amend Sections 15432 and 15438.10 of the Government Code, relating to health care, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 315, as amended, Monning. Health care access demonstration project grants.

Existing law, the California Health Facilities Financing Authority Act, establishes a program for the California Health Facilities Authority to award grants that do not exceed \$1,500,000 to one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both, that are effective at enhancing health outcomes and improving access to quality health care and preventive services. Existing law requires a recipient of that grant to adhere to all applicable laws relating to scope of practice, licensure, staffing, and building codes. Existing law authorizes the authority, if a demonstration project receiving a grant is successful at developing such a new method of delivering high-quality and cost-effective health care services, to implement a 2nd grant program, as specified, to replicate in additional California communities

the model developed by that demonstration project. Existing law requires the authority to prepare and provide a report to the Legislature and the Governor on the outcomes of the demonstration grant program that includes, among other information, the total amount of grants issued and the amount of each grant issued.

This bill would create the California Health Access Model Program Two Account within the California Health Facilities Financing Authority Fund for purposes of administering a 2nd competitive grant selection process, in accordance with existing grant provisions, to fund one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both. The bill would ~~transfer up to \$6,500,000~~ *authorize the authority to transfer moneys up to a total of \$3,000,000* from the California Health Facilities Financing Authority Hospital Equipment Loan Program Fund to the account for the purposes of the ~~bill~~, *bill if the authority decides to administer the 2nd competitive grant selection process*, and would require that any moneys remaining in the account as of January 1, 2023, revert to *the* California Health Facilities Financing Authority Hospital Equipment Loan Program Fund. By expanding the purposes for which a continuously appropriated fund may be used, this bill would make an appropriation.

The bill would also require the authority to prepare and provide a report to the Legislature and the Governor every 2 years, commencing January 1, 2017, on the 2 grant selection programs, that includes, among other information, the total amount of grants issued and the amount of each grant issued, as specified.

This bill would also make the existing requirement for adherence to all applicable laws relating to scope of practice, licensure, staffing, and building to codes applicable to a recipient of a grant provided pursuant to the 2nd grant program described above.

Existing law defines health facility, for purposes of the act, to include a multilevel facility that is an institutional arrangement where a residential facility for the elderly is operated as a part of, or in conjunction with, an intermediate care facility, a skilled nursing facility, or a general acute care hospital. Existing law defines elderly, for purposes of this provision, to mean a person 62 years of age or older.

This bill would instead define elderly to mean a person 60 years of age or older.

*This bill would become operative only if AB 648 is enacted and takes effect on or before January 1, 2016.*

Vote: majority. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. Section 15432 of the Government Code is  
2 amended to read:

3 15432. As used in this part, the following words and terms  
4 shall have the following meanings, unless the context clearly  
5 indicates or requires another or different meaning or intent:

6 (a) “Act” means the California Health Facilities Financing  
7 Authority Act.

8 (b) “Authority” means the California Health Facilities Financing  
9 Authority created by this part or any board, body, commission,  
10 department, or officer succeeding to the principal functions thereof  
11 or to which the powers conferred upon the authority by this part  
12 shall be given by law.

13 (c) “Cost,” as applied to a project or portion of a project financed  
14 under this part, means and includes all or any part of the cost of  
15 construction and acquisition of all lands, structures, real or personal  
16 property, rights, rights-of-way, franchises, easements, and interests  
17 acquired or used for a project, the cost of demolishing or removing  
18 any buildings or structures on land so acquired, including the cost  
19 of acquiring any lands to which those buildings or structures may  
20 be moved, the cost of all machinery and equipment, financing  
21 charges, interest prior to, during, and for a period not to exceed  
22 the later of one year or one year following completion of  
23 construction, as determined by the authority, the cost of insurance  
24 during construction, the cost of funding or financing noncapital  
25 expenses, reserves for principal and interest and for extensions,  
26 enlargements, additions, replacements, renovations and  
27 improvements, the cost of engineering, service contracts,  
28 reasonable financial and legal services, plans, specifications,  
29 studies, surveys, estimates, administrative expenses, and other  
30 expenses of funding or financing, that are necessary or incident to  
31 determining the feasibility of constructing any project, or that are  
32 incident to the construction, acquisition, or financing of any project.

1 (d) “Health facility” means a facility, place, or building that is  
2 licensed, accredited, or certified and organized, maintained, and  
3 operated for the diagnosis, care, prevention, and treatment of  
4 human illness, or physical, mental, or developmental disability,  
5 including convalescence and rehabilitation and including care  
6 during and after pregnancy, or for any one or more of these  
7 purposes, for one or more persons, and includes, but is not limited  
8 to, all of the following types:

9 (1) A general acute care hospital that is a health facility having  
10 a duly constituted governing body with overall administrative and  
11 professional responsibility and an organized medical staff that  
12 provides 24-hour inpatient care, including the following basic  
13 services: medical, nursing, surgical, anesthesia, laboratory,  
14 radiology, pharmacy, and dietary services.

15 (2) An acute psychiatric hospital that is a health facility having  
16 a duly constituted governing body with overall administrative and  
17 professional responsibility and an organized medical staff that  
18 provides 24-hour inpatient care for mentally disordered,  
19 incompetent, or other patients referred to in Division 5  
20 (commencing with Section 5000) or Division 6 (commencing with  
21 Section 6000) of the Welfare and Institutions Code, including the  
22 following basic services: medical, nursing, rehabilitative,  
23 pharmacy, and dietary services.

24 (3) A skilled nursing facility that is a health facility that provides  
25 the following basic services: skilled nursing care and supportive  
26 care to patients whose primary need is for availability or skilled  
27 nursing care on an extended basis.

28 (4) An intermediate care facility that is a health facility that  
29 provides inpatient care to ambulatory or semiambulatory patients  
30 who have recurring need for skilled nursing supervision and need  
31 supportive care, but who do not require availability or continuous  
32 skilled nursing care.

33 (5) A special health care facility that is a health facility having  
34 a duly constituted governing body with overall administrative and  
35 professional responsibility and an organized medical or dental staff  
36 that provides inpatient or outpatient, acute or nonacute care,  
37 including, but not limited to, medical, nursing, rehabilitation,  
38 dental, or maternity.

39 (6) A clinic that is operated by a tax-exempt nonprofit  
40 corporation that is licensed pursuant to Section 1204 or 1204.1 of

1 the Health and Safety Code or a clinic exempt from licensure  
2 pursuant to subdivision (b) or (c) of Section 1206 of the Health  
3 and Safety Code.

4 (7) An adult day health center that is a facility, as defined under  
5 subdivision (b) of Section 1570.7 of the Health and Safety Code,  
6 that provides adult day health care, as defined under subdivision  
7 (a) of Section 1570.7 of the Health and Safety Code.

8 (8) A facility owned or operated by a local jurisdiction for the  
9 provision of county health services.

10 (9) A multilevel facility that is an institutional arrangement  
11 where a residential facility for the elderly is operated as a part of,  
12 or in conjunction with, an intermediate care facility, a skilled  
13 nursing facility, or a general acute care hospital. “Elderly,” for the  
14 purposes of this paragraph, means a person 60 years of age or  
15 older.

16 (10) A child day care facility operated in conjunction with a  
17 health facility. A child day care facility is a facility, as defined in  
18 Section 1596.750 of the Health and Safety Code. For purposes of  
19 this paragraph, “child” means a minor from birth to 18 years of  
20 age.

21 (11) An intermediate care facility/developmentally disabled  
22 habilitative that is a health facility, as defined under subdivision  
23 (e) of Section 1250 of the Health and Safety Code.

24 (12) An intermediate care facility/developmentally  
25 disabled-nursing that is a health facility, as defined under  
26 subdivision (h) of Section 1250 of the Health and Safety Code.

27 (13) A community care facility that is a facility, as defined under  
28 subdivision (a) of Section 1502 of the Health and Safety Code,  
29 that provides care, habilitation, rehabilitation, or treatment services  
30 to developmentally disabled or mentally impaired persons.

31 (14) A nonprofit community care facility, as defined in  
32 subdivision (a) of Section 1502 of the Health and Safety Code,  
33 other than a facility that, as defined in that subdivision, is a  
34 residential facility for the elderly, a foster family agency, a foster  
35 family home, a full service adoption agency, or a noncustodial  
36 adoption agency.

37 (15) A nonprofit accredited community work activity program,  
38 as specified in subdivision (e) of Section 4851 and Section 4856  
39 of the Welfare and Institutions Code.

1 (16) A community mental health center, as defined in paragraph  
2 (3) of subdivision (b) of Section 5667 of the Welfare and  
3 Institutions Code.

4 (17) A nonprofit speech and hearing center, as defined in Section  
5 1201.5 of the Health and Safety Code.

6 (18) A blood bank, as defined in Section 1600.2 of the Health  
7 and Safety Code, licensed pursuant to Section 1602.5 of the Health  
8 and Safety Code, and exempt from federal income taxation  
9 pursuant to Section 501(c)(3) of the Internal Revenue Code.

10 (19) A residential facility for persons with developmental  
11 disabilities, as defined in Sections 4688.5 and 4688.6 of the  
12 Welfare and Institutions Code, which includes, but is not limited  
13 to, a community care facility licensed pursuant to Section 1502 of  
14 the Health and Safety Code and a family teaching home as defined  
15 in Section 4689.1 of the Welfare and Institutions Code.

16 (20) A nonpublic school that provides educational services in  
17 conjunction with a health facility, as defined in paragraphs (1) to  
18 (19), inclusive, that otherwise qualifies for financing pursuant to  
19 this part, if the nonpublic school is certified pursuant to Sections  
20 56366 and 56366.1 of the Education Code as meeting standards  
21 relating to the required special education and specified related  
22 services and facilities for individuals with physical, mental, or  
23 developmental disabilities.

24 “Health facility” includes a clinic that is described in subdivision  
25 (l) of Section 1206 of the Health and Safety Code.

26 “Health facility” includes information systems equipment and  
27 the following facilities, if the equipment and facility is operated  
28 in conjunction with or to support the services provided in one or  
29 more of the facilities specified in paragraphs (1) to (20), inclusive,  
30 of this subdivision: a laboratory, laundry, a nurses or interns  
31 residence, housing for staff or employees and their families or  
32 patients or relatives of patients, a physicians’ facility, an  
33 administration building, a research facility, a maintenance, storage,  
34 or utility facility, an information systems facility, all structures or  
35 facilities related to any of the foregoing facilities or required or  
36 useful for the operation of a health facility and the necessary and  
37 usual attendant and related facilities and equipment, and parking  
38 and supportive service facilities or structures required or useful  
39 for the orderly conduct of the health facility.

1 “Health facility” does not include any institution, place, or  
2 building used or to be used primarily for sectarian instruction or  
3 study or as a place for devotional activities or religious worship.

4 (e) “Participating health institution” means a city, city and  
5 county, or county, a district hospital, or a private nonprofit  
6 corporation or association, or a limited liability company whose  
7 sole member is a nonprofit corporation or association authorized  
8 by the laws of this state to provide or operate a health facility or  
9 a nonprofit corporation that controls or manages, is controlled or  
10 managed by, is under common control or management with, or is  
11 affiliated with any of the foregoing, and that, pursuant to this part,  
12 undertakes the financing or refinancing of the construction or  
13 acquisition of a project or of working capital as provided in this  
14 part. “Participating health institution” also includes, for purposes  
15 of the California Health Facilities Revenue Bonds (UCSF-Stanford  
16 Health Care) 1998 Series A, the Regents of the University of  
17 California.

18 (f) “Project” means construction, expansion, remodeling,  
19 renovation, furnishing, or equipping, or funding, financing, or  
20 refinancing of a health facility or acquisition of a health facility  
21 to be financed or refinanced with funds provided in whole or in  
22 part pursuant to this part. “Project” may include reimbursement  
23 for the costs of construction, expansion, remodeling, renovation,  
24 furnishing, or equipping, or funding, financing, or refinancing of  
25 a health facility or acquisition of a health facility. “Project” may  
26 include any combination of one or more of the foregoing  
27 undertaken jointly by any participating health institution with one  
28 or more other participating health institutions.

29 (g) “Revenue bond” or “bond” means a bond, warrant, note,  
30 lease, or installment sale obligation that is evidenced by a  
31 certificate of participation or other evidence of indebtedness issued  
32 by the authority.

33 (h) “Working capital” means moneys to be used by, or on behalf  
34 of, a participating health institution to pay or prepay maintenance  
35 or operation expenses or any other costs that would be treated as  
36 an expense item, under generally accepted accounting principles,  
37 in connection with the ownership or operation of a health facility,  
38 including, but not limited to, reserves for maintenance or operation  
39 expenses, interest for not to exceed one year on any loan for  
40 working capital made pursuant to this part, and reserves for debt

1 service with respect to, and any costs necessary or incidental to,  
2 that financing.

3 SEC. 2. Section 15438.10 of the Government Code is amended  
4 to read:

5 15438.10. (a) The Legislature finds and declares the following:

6 (1) Many Californians face serious obstacles in obtaining needed  
7 health care services, including, but not limited to, medical, mental  
8 health, dental, and preventive services. The obstacles faced by  
9 vulnerable populations and communities include the existence of  
10 complex medical, physical, or social conditions, disabilities,  
11 economic disadvantage, and living in remote or underserved areas  
12 that make it difficult to access services.

13 (2) With the recent passage of national health care reform, there  
14 is an increased demand for innovative ways to deliver quality  
15 health care, including preventive services, to individuals in a  
16 cost-effective manner.

17 (3) There is a need to develop new methods of delivering health  
18 services utilizing innovative models that can be demonstrated to  
19 be effective and then replicated throughout California and that  
20 bring community-based health care preventive services to  
21 individuals where they live or receive education, social, or general  
22 health services.

23 (4) For more than 30 years, the California Health Facilities  
24 Financing Authority has provided financial assistance through  
25 tax-exempt bonds, low-interest loans, and grants to health facilities  
26 in California, assisting in the expansion of the availability of health  
27 services and health care facilities throughout the state.

28 (b) (1) Following the completion of a competitive selection  
29 process, the authority may award one or more grants that, in the  
30 aggregate, do not exceed one million five hundred thousand dollars  
31 (\$1,500,000) to one or more projects designed to demonstrate  
32 specified new or enhanced cost-effective methods of delivering  
33 quality health care services to improve access to quality health  
34 care for vulnerable populations or communities, or both, that are  
35 effective at enhancing health outcomes and improving access to  
36 quality health care and preventive services. These health care  
37 services may include, but are not limited to, medical, mental health,  
38 or dental services for the diagnosis, care, prevention, and treatment  
39 of human illness, or individuals with physical, mental, or  
40 developmental disabilities. More than one demonstration project

1 may receive a grant pursuant to this section. It is the intent of the  
2 Legislature for a demonstration project that receives a grant to  
3 allow patients to receive screenings, diagnosis, or treatment in  
4 community settings, including, but not limited to, school-based  
5 health centers, adult day care centers, and residential care facilities  
6 for the elderly, or for individuals with mental illness or  
7 developmental disabilities.

8 (2) A grant awarded pursuant to this subdivision may be  
9 allocated in increments to a demonstration project over multiple  
10 years to ensure the demonstration project's ability to complete its  
11 work, as determined by the authority. Prior to the initial allocation  
12 of funds pursuant to this subdivision, the administrators of the  
13 demonstration project shall provide evidence that the demonstration  
14 project has or will have additional funds sufficient to ensure  
15 completion of the demonstration project. If the authority allocates  
16 a grant in increments, each subsequent year's allocation shall be  
17 provided to the demonstration project only upon submission of  
18 research that shows that the project is progressing toward the  
19 identification of a high-quality and cost-effective delivery model  
20 that improves health outcomes and access to quality health care  
21 and preventive services for vulnerable populations or communities,  
22 and can be replicated throughout the state in community settings.

23 (3) Except for a health facility that qualifies as a "small and  
24 rural hospital" pursuant to Section 124840 of the Health and Safety  
25 Code, a health facility that has received tax-exempt bond financing  
26 from the authority shall not be eligible to receive funds awarded  
27 for a demonstration project. Such a health facility may participate  
28 as an uncompensated partner or member of a collaborative effort  
29 that is awarded a demonstration project grant. A health facility  
30 that participates in a demonstration project that receives funds  
31 pursuant to this section may not claim the funding provided by the  
32 authority toward meeting its community benefit and charity care  
33 obligations.

34 (4) Funds provided to a demonstration project pursuant to this  
35 subdivision may be used to supplement, but not to supplant,  
36 existing financial and resource commitments of the grantee or  
37 grantees or any other member of a collaborative effort that has  
38 been awarded a demonstration project grant.

39 (c) (1) If a demonstration project that receives a grant pursuant  
40 to subdivision (b) is successful at developing a new method of

1 delivering high-quality and cost-effective health care services in  
2 community settings that result in increased access to quality health  
3 care and preventive services or improved health care outcomes for  
4 vulnerable populations or communities, or both, then beginning  
5 as early as the second year after the initial allocation of moneys  
6 provided pursuant to subdivision (b), the authority may implement  
7 a second grant program that awards not more than five million  
8 dollars (\$5,000,000), in the aggregate, to eligible recipients as  
9 defined by the authority, to replicate in additional California  
10 communities the model developed by a demonstration project that  
11 received a grant pursuant to subdivision (b). Prior to the  
12 implementation of this second grant program, the authority shall  
13 prepare and provide a report to the Legislature and the Governor  
14 on the outcomes of the demonstration project. The report shall be  
15 made in accordance with Section 9795.

16 (2) If the authority implements the second grant program, the  
17 authority shall also report annually, beginning with the first year  
18 of implementation of the second grant program, to the Legislature  
19 and the Governor regarding the program, including, but not limited  
20 to, the total amount of grants issued pursuant to this subdivision,  
21 the amount of each grant issued, and a description of each project  
22 awarded funding for replication of the model.

23 (3) Grants under this subdivision may be utilized for eligible  
24 costs, as defined in subdivision (c) of Section 15432, including  
25 equipment, information technology, and working capital, as defined  
26 in subdivision (h) of Section 15432.

27 (4) The authority may adopt regulations relating to the grant  
28 program authorized pursuant to this subdivision, including  
29 regulations that define eligible recipients, eligible costs, and  
30 minimum and maximum grant amounts.

31 (d) (1) The authority shall prepare and provide a report to the  
32 Legislature and the Governor every two years, commencing on  
33 January 1, 2017, on the grants awarded pursuant to subdivisions  
34 (b) and (g) that includes, but is not limited to, the following:

35 (A) The total amount of grants issued.

36 (B) The amount of each grant issued.

37 (C) A description of other sources of funding for each project.

38 (D) A description of each project awarded funding.

39 (E) If available, a description of project outcomes that  
40 demonstrate cost-effective delivery of health care services in

1 community settings, that result in improved access to quality health  
2 care or improved health care outcomes.

3 (2) A report submitted pursuant to this subdivision shall be  
4 submitted in compliance with Section 9795.

5 (e) There is hereby created the California Health Access Model  
6 Program Account in the California Health Facilities Financing  
7 Authority Fund. All moneys in the account are hereby continuously  
8 appropriated to the authority for carrying out the purposes of this  
9 section. An amount of up to six million five hundred thousand  
10 dollars (\$6,500,000) shall be transferred from funds in the  
11 California Health Facilities Financing Authority Fund that are not  
12 impressed with a trust for other purposes into the California Health  
13 Access Model Program Account for the purpose of issuing grants  
14 pursuant to this section. Any moneys remaining in the California  
15 Health Access Model Program Account on January 1, 2020, shall  
16 revert as of that date to the California Health Facilities Financing  
17 Authority Fund.

18 (f) Any recipient of a grant provided pursuant to subdivisions  
19 (b) and (c) shall adhere to all applicable laws relating to scope of  
20 practice, licensure, staffing, and building codes.

21 (g) There is hereby created the California Health Access Model  
22 Program Two Account within the California Health Facilities  
23 Financing Authority Fund for purposes of administering a second  
24 competitive grant selection process, in accordance with  
25 subdivisions (b) and (c), to fund one or more projects designed to  
26 demonstrate specified new or enhanced cost-effective methods of  
27 delivery quality health care services to improve access to quality  
28 health care for vulnerable populations or communities, or both.  
29 ~~An amount of up to six million five hundred thousand dollars~~  
30 ~~(\$6,500,000) shall be transferred~~ *The authority may transfer*  
31 *moneys up to a total of three million dollars (\$3,000,000) from*  
32 *funds in the California Health Facilities Financing Authority*  
33 *Hospital Equipment Loan Program Fund that are not impressed*  
34 *with a trust for other purposes into the California Health Access*  
35 *Model Program Two Account for the purpose of administering a*  
36 *second competitive grant selection process pursuant to this*  
37 ~~subdivision.~~ *subdivision if the authority decides to administer the*  
38 *second competitive grant selection process.* Any moneys remaining  
39 in the California Health Access Model Program Two Account on  
40 January 1, 2023, shall revert as of that date to the California Health

- 1 Facilities Financing Authority Hospital Equipment Loan Program
- 2 Fund.
- 3 *SEC. 3. This act shall become operative only if Assembly Bill*
- 4 *648 is enacted and takes effect on or before January 1, 2016.*

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