

AMENDED IN ASSEMBLY MAY 26, 2000
AMENDED IN ASSEMBLY APRIL 10, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2264

Introduced by Assembly Member Cedillo
(Coauthor: Assembly Member Wildman)
(Coauthor: Senator Alarcon)

February 24, 2000

An act to amend ~~Sections 15432 and 15438~~ of *Section 15438* of, and to add *Section 15438.6* to, the Government Code, and to add *Section 1204.4* to the Health and Safety Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2264, as amended, Cedillo. Primary care clinics: grants.

Existing law authorizes the California Health Facilities Financing Authority to perform various functions with respect to the financing of projects of health facilities that are operated by a city, county, city and county, district hospital, or private, nonprofit corporation or association.

This bill would enact the Community Care Investment Act of 2000, that would authorize the authority to award grants to any eligible participating primary care clinic ~~servicing indigent, underserved, and uninsured populations in the state, to finance a capital outlay project in accordance with an agreement between the authority and the clinic for purposes of financing capital outlay projects.~~ It would require the

authority to develop ~~eligibility~~ *selection* criteria and a process for awarding these grants.

The bill would also authorize the authority to request information from the State Department of Health Services regarding grant applicants for purposes of evaluating these applications, and would require the department to comply with these requests.

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

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

1 ~~SECTION 1. The Legislature finds and declares all of~~
2 ~~the following:~~

3 ~~(a) Primary care clinics require a one-time outlay for~~
4 ~~capital in order to continuously perform their vital role.~~
5 ~~Many primary care clinics are currently at capacity and~~
6 ~~in order to increase access to their services and allow~~
7 ~~them to expand to cover the growing need for health care~~
8 ~~for the vulnerable populations in California, these capital~~
9 ~~funds are necessary.~~

10 ~~(b) Primary care clinics are the health care safety net~~
11 ~~for the most vulnerable populations in California:~~
12 ~~uninsured, underinsured, indigent, and those in shortage~~
13 ~~designation areas. Primary care clinics provide health~~
14 ~~care regardless of the ability to pay for services.~~

15 ~~(c) Approximately 7.4 million Californians lack health~~
16 ~~insurance, a number that increases by 50,000 per month.~~

17 ~~(d) Primary care clinics have been historically and~~
18 ~~woefully underfunded.~~

19 ~~(e) Primary care clinics are the most cost effective~~
20 ~~means of serving California's vulnerable populations.~~

21 ~~(f) The failure to adequately fund primary care clinics~~
22 ~~has resulted in significant costs to the state in the form of~~
23 ~~unnecessary emergency room visits. Also, the lack of~~
24 ~~preventive care results in significant costs when patients~~
25 ~~become severely ill.~~

26 ~~SEC. 2. Section 15432 of the Government Code is~~
27 ~~amended to read:~~



1 15432. As used in this part, the following words and
2 terms shall have the following meanings, unless the
3 context clearly indicates or requires another or different
4 meaning or intent:

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

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

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

35 (d) “Health facility” means any facility, place, or
36 building which is organized, maintained, and operated
37 for the diagnosis, care, prevention, and treatment of
38 human illness, physical or mental, or developmental
39 disability, including convalescence and rehabilitation and
40 including care during and after pregnancy, or for any one



1 or more of these purposes, for one or more persons, to
2 which the persons are admitted for a 24-hour stay or
3 longer, except in the cases of county outpatient facilities,
4 adult day care facilities, as defined under paragraph (2)
5 of subdivision (a) of Section 1502 of the Health and Safety
6 Code, which provide services to developmentally
7 disabled or mentally impaired persons, community
8 clinics, as defined in paragraph (6), and child day care
9 facilities, as defined in paragraph (10), and includes all of
10 the following types:

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

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

28 (3) A skilled nursing facility which is a health facility
29 which provides the following basic services: skilled
30 nursing care and supportive care to patients whose
31 primary need is for availability or skilled nursing care on
32 an extended basis.

33 (4) An intermediate care facility which is a health
34 facility which provides the following basic services:
35 inpatient care to ambulatory or semiambulatory patients
36 who have recurring need for skilled nursing supervision
37 and need supportive care, but who do not require
38 availability or continuous skilled nursing care.

39 (5) A special health care facility which is a health
40 facility having a duly constituted governing body with



1 overall administrative and professional responsibility and
2 an organized medical or dental staff which provides
3 inpatient or outpatient, acute or nonacute care,
4 including, but not limited to, medical, nursing,
5 rehabilitation, dental, or maternity.

6 (6) (A) A community clinic which is a clinic operated
7 by a tax-exempt nonprofit corporation which is supported
8 and maintained in whole or in part by donations,
9 bequests, gifts, grants, government funds or
10 contributions, which may be in the form of money, goods,
11 or services. In a community clinic, any charges to the
12 patient shall be based on the patient's ability to pay,
13 utilizing a sliding fee scale. No corporation other than a
14 nonprofit corporation, exempt from federal income
15 taxation under paragraph (3) of subsection (c) of Section
16 501 of the Internal Revenue Code of 1954 as amended, or
17 a statutory successor thereof, shall operate a community
18 clinic. However, the licensee of any community clinic so
19 licensed on September 26, 1978, shall not be required to
20 obtain tax-exempt status under either federal or state law.
21 No natural person or persons shall operate a community
22 clinic.

23 (B) Notwithstanding subparagraph (A), a primary
24 care clinic, as defined in Section 1204, including a free
25 clinic, for purposes of awarding grants to finance a capital
26 outlay project pursuant to subdivision (t) of Section
27 15438.

28 (7) An adult day health center which is a facility, as
29 defined under subdivision (b) of Section 1570.7 of the
30 Health and Safety Code, which provides adult day health
31 care, as defined under subdivision (a) of Section 1570.7 of
32 the Health and Safety Code.

33 (8) Any other type of facility for the provision of
34 inpatient or outpatient care which is a county health
35 facility, as defined in subdivision (a) of Section 16715 of
36 the Welfare and Institutions Code, (without regard to
37 whether funding is provided for the facility under that
38 section).

39 (9) A multilevel facility is an institutional arrangement
40 where a residential facility for the elderly is operated as



1 a part of, or in conjunction with, an intermediate care
2 facility, a skilled nursing facility, or a general acute care
3 hospital. “Elderly,” for the purposes of this paragraph,
4 means a person 62 years of age or older.

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

10 (11) An intermediate care facility/developmentally
11 disabled habilitative which is a health facility, as defined
12 under subdivision (e) of Section 1250 of the Health and
13 Safety Code.

14 (12) An intermediate care facility/developmentally
15 disabled nursing which is a health facility, as defined
16 under subdivision (h) of Section 1250 of the Health and
17 Safety Code.

18 (13) A community care facility which is a facility, as
19 defined under subdivision (a) of Section 1502 of the
20 Health and Safety Code, which provides care,
21 habilitation, rehabilitation, or treatment services to
22 developmentally disabled or mentally impaired persons.

23 (14) A nonprofit community care facility, as defined in
24 subdivision (a) of Section 1502 of the Health and Safety
25 Code, other than a facility which, as defined in that
26 subdivision, is a residential facility for the elderly, a foster
27 family agency, a foster family home, a full service
28 adoption agency, or a noncustodial adoption agency.

29 (15) A nonprofit accredited community work activity
30 program, as specified in subdivision (e) of Section 19352
31 and Section 19355 of the Welfare and Institutions Code.

32 “Health facility” includes a clinic which is described in
33 subdivision (l) of Section 1206 of the Health and Safety
34 Code.

35 “Health facility” includes the following facilities, if
36 operated in conjunction with one or more of the above
37 types of facilities: a laboratory, laundry, nurses or interns
38 residence, housing for staff or employees and their
39 families, patients or relatives of patients, physicians’
40 facility, administration building, research facility,



1 maintenance, storage, or utility facility and all structures
2 or facilities related to any of the foregoing or required or
3 useful for the operation of a health facility, and the
4 necessary and usual attendant and related facilities and
5 equipment and including parking and supportive service
6 facilities or structures required or useful for the orderly
7 conduct of such health facility.

8 “Health facility” also includes: (i) an insurance
9 company or insurance program organized pursuant to
10 subdivision (q) of Section 15438; or (ii) the funding of
11 reserves (including insurance or capital reserves), or
12 payment of premiums to, a reciprocal insurance company
13 or one or more participating health institutions if the
14 funds are used in connection with one or more of the
15 above types of facilities: liability insurance or
16 self-insurance, for a participating health institution;
17 including reserves therefor, and other funds necessary or
18 usual and appropriate in connection therewith.

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

23 (e) “Participating health institution” means a city, city
24 and county, county, a district hospital, or a private
25 nonprofit corporation or association authorized by the
26 laws of this state to provide or operate a health facility and
27 which, pursuant to the provisions of this part, undertakes
28 the financing or refinancing of the construction or
29 acquisition of a project or of working capital as provided
30 in this part.

31 (f) “Project” means construction, expansion,
32 remodeling, renovation, furnishing, or equipping, or
33 funding or financing of a health facility or acquisition of
34 a health facility to be financed or refinanced with funds
35 provided in whole or in part pursuant to this part.
36 “Project” may include any combination of one or more of
37 the foregoing undertaken jointly by any participating
38 health institution with one or more other participating
39 health institutions.



1 ~~(g) “Working capital” means moneys to be used by, or~~
2 ~~on behalf of, a participating health institution to pay or~~
3 ~~prepay maintenance or operation expenses or any other~~
4 ~~costs that would be treated as an expense item, under~~
5 ~~generally accepted accounting principles, in connection~~
6 ~~with the ownership or operation of a health facility,~~
7 ~~including, but not limited to, reserves for maintenance or~~
8 ~~operation expenses, interest for not to exceed one year on~~
9 ~~any loan for working capital made pursuant to this part,~~
10 ~~and reserves for debt service with respect to, and any~~
11 ~~costs necessary or incidental to, that financing.~~

12 ~~SEC. 3.—~~

13 *SECTION 1.* Section 15438 of the Government Code
14 is amended to read:

15 15438. Subject to the conditions, restrictions, and
16 limitations of Section 15438.1, the authority may do any of
17 the following:

18 (a) Adopt bylaws for the regulation of its affairs and
19 the conduct of its business.

20 (b) Adopt an official seal.

21 (c) Sue and be sued in its own name.

22 (d) Receive and accept from any agency of the United
23 States or any agency of the State of California or any
24 municipality, county or other political subdivision
25 thereof, or from any individual, association, or
26 corporation gifts, grants, or donations of moneys for
27 achieving any of the purposes of this chapter.

28 (e) Engage the services of private consultants to
29 render professional and technical assistance and advice in
30 carrying out the purposes of this part.

31 (f) Determine the location and character of any
32 project to be financed under this part, and to acquire,
33 construct, enlarge, remodel, renovate, alter, improve,
34 furnish, equip, fund, finance, own, maintain, manage,
35 repair, operate, lease as lessee or lessor and regulate the
36 same, to enter into contracts for any or all of those
37 purposes, to enter into contracts for the management and
38 operation of a project or other health facilities owned by
39 the authority, and to designate a participating health
40 institution as its agent to determine the location and



1 character of a project undertaken by that participating
2 health institution under this chapter and as the agent of
3 the authority, to acquire, construct, enlarge, remodel,
4 renovate, alter, improve, furnish, equip, own, maintain,
5 manage, repair, operate, lease as lessee or lessor and
6 regulate the same, and as the agent of the authority, to
7 enter into contracts for any or all of those purposes,
8 including contracts for the management and operation of
9 that project or other health facilities owned by the
10 authority.

11 (g) Acquire, directly or by and through a participating
12 health institution as its agent, by purchase solely from
13 funds provided under the authority of this part, or by gift
14 or devise, and to sell, by installment sale or otherwise, any
15 lands, structures, real or personal property, rights,
16 rights-of-way, franchises, easements, and other interests
17 in lands, including lands lying under water and riparian
18 rights, which are located within the state the authority
19 determines necessary or convenient for the acquisition,
20 construction, or financing of a health facility or the
21 acquisition, construction, financing, or operation of a
22 project, upon the terms and at the prices considered by
23 the authority to be reasonable and which can be agreed
24 upon between the authority and the owner thereof, and
25 to take title thereto in the name of the authority or in the
26 name of a participating health institution as its agent.

27 (h) Receive and accept from any source loans,
28 contributions, or grants for, or in aid of, the construction,
29 financing, or refinancing of a project or any portion of a
30 project in money, property, labor, or other things of
31 value.

32 (i) Make secured or unsecured loans to, or purchase
33 secured or unsecured loans of, any participating health
34 institution in connection with the financing of a project
35 or working capital in accordance with an agreement
36 between the authority and the participating health
37 institution. However, no loan to finance a project shall
38 exceed the total cost of the project, as determined by the
39 participating health institution and approved by the
40 authority. Funds for secured loans may be provided from



1 the California Health Facilities Financing Fund pursuant
2 to subdivision (b) of Section 15439 to small or rural health
3 facilities pursuant to authority guidelines.

4 (j) Make secured or unsecured loans to, or purchase
5 secured or unsecured loans of, any participating health
6 institution in accordance with an agreement between the
7 authority and the participating health institution to
8 refinance indebtedness incurred by that participating
9 health institution in connection with projects undertaken
10 or for health facilities acquired or for working capital
11 financed prior to or after January 1, 1980. Funds for
12 secured loans may be provided from the California
13 Health Facilities Financing Fund pursuant to subdivision
14 (b) of Section 15439 to small or rural health facilities
15 pursuant to authority guidelines.

16 (k) Mortgage all or any portion of interest of the
17 authority in a project or other health facilities and the
18 property on which that project or other health facilities
19 are located, whether owned or thereafter acquired,
20 including the granting of a security interest in any
21 property, tangible or intangible, and to assign or pledge
22 all or any portion of the interests of the authority in
23 mortgages, deeds of trust, indentures of mortgage or trust
24 or similar instruments, notes, and security interests in
25 property, tangible or intangible, of participating health
26 institutions to which the authority has made loans, and
27 the revenues therefrom, including payments or income
28 from any thereof owned or held by the authority, for the
29 benefit of the holders of bonds issued to finance the
30 project or health facilities or issued to refund or refinance
31 outstanding indebtedness of participating health
32 institutions as permitted by this part.

33 (l) Lease to a participating health institution the
34 project being financed or other health facilities conveyed
35 to the authority in connection with that financing, upon
36 the terms and conditions the authority determines
37 proper, and to charge and collect rents therefor and to
38 terminate the lease upon the failure of the lessee to
39 comply with any of the obligations of the lease; and to
40 include in that lease, if desired, provisions granting the



1 lessee options to renew the term of the lease for the
2 period or periods and at the rent, as determined by the
3 authority, to purchase any or all of the health facilities or
4 that upon payment of all of the indebtedness incurred by
5 the authority for the financing of that project or health
6 facilities or for refunding outstanding indebtedness of a
7 participating health institution, then the authority may
8 convey any or all of the project or the other health
9 facilities to the lessee or lessees thereof with or without
10 consideration.

11 (m) Charge and equitably apportion among
12 participating health institutions, the administrative costs
13 and expenses incurred by the authority in the exercise of
14 the powers and duties conferred by this part.

15 (n) Obtain, or aid in obtaining, from any department
16 or agency of the United States or of the State of California
17 or any private company, any insurance or guarantee as to,
18 or of, or for the payment or repayment of, interest or
19 principal, or both, or any part thereof, on any loan, lease,
20 or obligation, or any instrument evidencing or securing
21 the loan, lease, or obligation, made or entered into
22 pursuant to this part; and notwithstanding any other
23 provisions of this part, to enter into any agreement,
24 contract, or any other instrument whatsoever with
25 respect to that insurance or guarantee, to accept payment
26 in the manner and form as provided therein in the event
27 of default by a participating health institution, and to
28 assign that insurance or guarantee as security for the
29 authority's bonds.

30 (o) Enter into any and all agreements or contracts,
31 including agreements for liquidity and credit
32 enhancement, interest rate swaps or hedges, execute any
33 and all instruments, and do and perform any and all acts
34 or things necessary, convenient, or desirable for the
35 purposes of the authority or to carry out any power
36 expressly granted by this part.

37 (p) Invest any moneys held in reserve or sinking
38 funds, or any moneys not required for immediate use or
39 disbursement, at the discretion of the authority, in any
40 obligations authorized by the resolution authorizing the



1 issuance of the bonds secured thereof or authorized by
2 law for the investment of trust funds in the custody of the
3 Treasurer.

4 (q) Establish and maintain a reciprocal insurance
5 company or an insurance program that shall be treated
6 and licensed as a reciprocal insurance company for
7 regulatory purposes under the Insurance Code on behalf
8 of one or more participating health institutions, to
9 provide for payment of judgments, settlement of claims,
10 expense, loss and damage that arises, or is claimed to have
11 arisen, from any act or omission of, or attributable to, the
12 participating health institution or any nonprofit
13 organization controlled by, or controlling or under
14 common control with, the participating health
15 institution, their employees, agents or others for whom
16 they may be held responsible, in connection with any
17 liability insurance (including medical malpractice); set
18 premiums, ascertain loss experience and expenses and
19 determine credits, refunds, and assessments; and
20 establish limits and terms of coverage; and engage any
21 expert or consultant it deems necessary or appropriate to
22 manage or otherwise assist with the insurance company
23 or program; and pay any expenses in connection
24 therewith; and contract with the participating health
25 institution or institutions for insurance coverage from the
26 insurance company or program and for the payment of
27 any expenses in connection therewith including any
28 bonds issued to fund or finance the insurance company or
29 program.

30 (r) Provide funding for self-insurance for
31 participating health institutions. However, there shall be
32 no pooling of liability risk among participating health
33 institutions except as provided in subdivision (f) of
34 Section 15438.5.

35 (s) (1) Make grants-in-aid to any participating small
36 or rural hospital, as defined in Section 124840 of the
37 Health and Safety Code, in connection with the financing
38 of a project or for working capital in accordance with an
39 agreement between the authority and the hospital.
40 However, no grant to finance a project shall exceed the



1 total cost of the project, as determined by the hospital and
2 approved by the authority.

3 (2) Make grants-in-aid to any small or rural hospital, as
4 defined in Section 124840 of the Health and Safety Code,
5 in accordance with an agreement between the authority
6 and the hospital to discharge indebtedness incurred by
7 the hospital in connection with projects undertaken, for
8 health facilities acquired, or for working capital financed
9 prior to the effective date of this subdivision.

10 (3) Grants shall be made pursuant to this subdivision
11 only from HELP Program funds, not to exceed eight
12 hundred seventy thousand dollars (\$870,000). In
13 consultation with representatives of the hospital industry
14 and other affected parties, the authority shall develop a
15 process and criteria for making grants under this
16 subdivision, including obtaining legal opinions on
17 appropriateness of grants to private facilities for capital
18 outlay purposes.

19 ~~(t) (1) Award grants to any eligible participating~~
20 ~~primary care clinic, as defined in Section 1204 of the~~
21 ~~Health and Safety Code, serving indigent, underserved,~~
22 ~~and uninsured populations in the state, to finance a~~
23 ~~capital outlay project in accordance with an agreement~~
24 ~~between the authority and the clinic. The authority shall~~
25 ~~determine the amount of the grant to be awarded but in~~
26 ~~no event shall a grant to finance a project exceed the total~~
27 ~~cost of the project, as determined by the clinic and~~
28 ~~approved by the authority.~~

29 ~~(2) Request information from the State Department~~
30 ~~of Health Services, pursuant to Section 1204.4 of the~~
31 ~~Health and Safety Code, regarding grant applicants for~~
32 ~~purposes of evaluating these applications. Grants shall be~~
33 ~~awarded pursuant to this subdivision only to the extent~~
34 ~~that funds for this purpose are appropriated in the annual~~
35 ~~Budget Act. In consultation with representatives of~~
36 ~~primary care clinics and other affected parties, the~~
37 ~~authority shall develop eligibility criteria and a process~~
38 ~~for awarding grants under this subdivision, including~~
39 ~~obtaining legal opinions on the propriety of awarding~~
40 ~~grants to private facilities for capital outlay purposes.~~



1 ~~Grants shall be awarded only to clinics that have certified~~
2 ~~to the authority that all eligibility requirements have~~
3 ~~been met.~~

4 ~~SEC. 4.—~~

5 *(t) Award grants to any eligible clinic pursuant to*
6 *Section 15438.6.*

7 *SEC. 2. Section 15438.6 is added to the Government*
8 *Code, to read:*

9 *15438.6. (a) The Legislature finds and declares all of*
10 *the following:*

11 *(1) Primary care clinics require a one-time outlay for*
12 *capital in order to continuously perform their vital role.*
13 *Many primary care clinics are currently at capacity and*
14 *in order to increase access to their services and allow*
15 *them to expand to cover the growing need for health care*
16 *for the vulnerable populations in California, these capital*
17 *funds are necessary.*

18 *(2) Primary care clinics are the health care safety net*
19 *for the most vulnerable populations in California:*
20 *uninsured, underinsured, indigent, and those in shortage*
21 *designation areas. Primary care clinics provide health*
22 *care regardless of the ability to pay for services.*

23 *(3) Approximately 7.4 million Californians lack health*
24 *insurance, a number that increases by 50,000 per month.*

25 *(4) Primary care clinics have been historically and*
26 *woefully underfunded.*

27 *(5) Primary care clinics are the most cost effective*
28 *means of serving California's vulnerable populations.*

29 *(6) The failure to adequately fund primary care clinics*
30 *has resulted in significant costs to the state in the form of*
31 *unnecessary emergency room visits. Also, the lack of*
32 *preventive care results in significant costs when patients*
33 *become severely ill.*

34 *(b) The authority may award grants to any eligible*
35 *clinic, as defined in subdivision (a) of Section 1204 and*
36 *subdivision (c) of Section 1206 of the Health and Safety*
37 *Code, for purposes of financing capital outlay projects, as*
38 *defined in subdivision (f) of Section 15432.*

39 *(c) The authority, in consultation with representatives*
40 *of primary care clinics and other appropriate parties, shall*



1 *develop selection criteria and a process for awarding*
2 *grants under this section. The authority shall take into*
3 *account at least the following factors when selecting*
4 *recipients and determining amount of grants:*

5 *(1) The percentage of total expenditures attributable*
6 *to uncompensated care provided by an applicant.*

7 *(2) The extent to which the grant will contribute*
8 *toward expansion of health care access by indigent,*
9 *underserved, and uninsured populations.*

10 *(3) The need for the grant based on an applicant's total*
11 *net assets, relative to net assets of other applicants. For*
12 *purposes of this section, "total net assets" means the*
13 *amount of total assets minus total liabilities, as disclosed*
14 *in an audited financial statement prepared according to*
15 *United States Generally Accepted Accounting Principles,*
16 *and shall include unrestricted net assets, temporarily*
17 *restricted net assets, and permanently restricted net*
18 *assets.*

19 *(4) The geographic location of the applicant, in order*
20 *to maximize broad geographic distribution of funding.*

21 *(5) Demonstration by the applicant of project*
22 *readiness and feasibility to the authority's satisfaction.*

23 *(6) The total amount of funds appropriated and*
24 *available for purposes of this section.*

25 *(d) In no event shall a grant to finance a project*
26 *exceed the total cost of the project, as determined by the*
27 *clinic and approved by the authority. Grants shall be*
28 *awarded only to clinics that have certified to the authority*
29 *that all requirements established by the authority for*
30 *grantees have been met.*

31 *(e) All projects that are awarded grants shall be*
32 *completed within a reasonable period of time, to be*
33 *determined by the authority. If the authority determines*
34 *that the clinic has failed to complete the project under the*
35 *terms specified in awarding the grant, the authority may*
36 *require remedies, including the return of all or a portion*
37 *of the grant. Certification of project completion shall be*
38 *submitted to the authority by any clinic receiving a grant*
39 *under this section.*



1 (f) Any clinic receiving a grant under this section shall
2 commit to using the health facility for the purposes for
3 which the grant was awarded for the duration of the
4 expected life of the project.

5 (g) Upon disbursement of all grant funds, the
6 authority shall report to the Joint Legislative Budget
7 Committee on the recipients of grants, the total amount
8 of each grant, and the purpose for which each grant was
9 awarded.

10 (h) This section shall be implemented only to the
11 extent that funds are appropriated for this purpose in the
12 Budget Act of 2000.

13 SEC. 3. Section 1204.4 is added to the Health and
14 Safety Code, to read:

15 1204.4. The State Department of Health Services shall
16 provide information to the California Health Facilities
17 Financing Authority with respect to primary care clinic
18 grant applicants for capital outlay projects as specified in
19 subdivision (t) of Section 15438 of the Government Code.

20 ~~SEC. 5. It is the intent of the Legislature that this act~~
21 ~~be financed by a one-time appropriation of fifty million~~
22 ~~dollars (\$50,000,000) to the California Health Facilities~~
23 ~~Financing Authority.~~

24 ~~SEC. 6.— Section 15438.6 of the Government Code.~~

25 SEC. 4. It is the intent of the Legislature that Section
26 15438.6 of the Government Code, as added by this act, be
27 financed by a one-time appropriation of fifty million
28 dollars (\$50,000,000) from the General Fund to the
29 California Health Facilities Financing Authority.

30 SEC. 5. This act shall be known, and may be cited, as
31 the Community Clinic Investment Act of 2000.

