

Assembly Bill No. 2547

Passed the Assembly August 31, 2000

Chief Clerk of the Assembly

Passed the Senate August 31, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to add Section 14085.54 to the Welfare and Institutions Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2547, Hertzberg. Health facilities.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services.

Existing law generally defines a disproportionate share hospital as a hospital that has disproportionately higher costs, volume, or services related to the provision of services to Medi-Cal or other low-income patients than the statewide average. Under existing law, an eligible disproportionate share hospital may receive supplemental Medi-Cal reimbursement to defray a portion of the debt service cost for an eligible capital project.

This bill would provide that the Los Angeles County University of Southern California Medical Center capital project that met initial eligibility criteria for supplemental reimbursement may develop and submit revised final plans for a revised capital project and shall qualify for supplemental reimbursement for the revised capital project if it meets unspecified criteria. It would permit the revised capital project plan to provide for specified types of changes from the original project plan.

This bill would require the state and Los Angeles County to complete a report assessing the health care needs of the county, as specified, and to implement jointly agreed-upon recommendations, to the extent that they do not require statutory authorization.

Because Los Angeles County is required to complete a prescribed report, it would create a state-mandated local program.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution



because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

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

SECTION 1. Section 14085.54 is added to the Welfare and Institutions Code, to read:

14085.54. (a) The Los Angeles County University of Southern California (LAC-USC) Medical Center may submit revised final plans to the Office of Statewide Health Planning and Development to replace the original capital expenditure project plans that met the initial eligibility requirements provided for under Section 14085.5 if all of the following conditions are met:

(1) The revised capital expenditure project meets all other requirements for eligibility as specified in Section 14085.5.

(2) The revised plans are submitted to the Office of Statewide Health Planning and Development on or before December 31, 2002, except that, with respect to a facility in the San Gabriel Valley of not less than 80 beds, the revised plans may be submitted not later than December 31, 2003.

(3) The scope of the capital project shall consist of two facilities with not less than a total of 680 beds.

(b) Funding under Section 14085.5 shall not be provided unless all of the conditions specified in subdivision (a) are met.

(c) The revised plans for the LAC-USC Medical Center Capital expenditure project may provide for one or more of the following variations from the original capital expenditure project plan submission:

(1) Total revisions or reconfigurations, or reductions in size and scope.

(2) Reduction in, or modification of, some or all inpatient project components.



(3) Tenant interior improvements not specified in the original capital expenditure project plan submission.

(4) Modifications to the foundation, structural frame, and building exterior shell, commonly known as the shell and core.

(5) Modifications necessary to comply with current seismic safety standards.

(6) Expansion of outpatient service facilities that operate under the LAC-USC Medical Center license.

(d) The revised capital expenditure project may provide for an additional inpatient service site to the current LAC-USC Medical Center only if the additional inpatient service site meets both of the following criteria:

(1) The San Gabriel Valley site is owned and operated by the County of Los Angeles.

(2) The San Gabriel Valley site is consolidated under the LAC-USC Medical Center license.

(e) (1) Supplemental reimbursement for the revised capital expenditure project for LAC-USC Medical Center, as described in this section, shall be calculated pursuant to subdivision (c) of Section 14085.5, as authorized and limited by this section. The initial Medi-Cal inpatient utilization rate for the LAC-USC Medical Center, for purposes of calculating the supplemental reimbursement, shall be that which was established at the point of the original capital expenditure project plan submission. The revised capital expenditure project costs, including project costs related to the additional inpatient service site, eligible for supplemental reimbursement under this section shall not exceed 85 percent of the project costs, including all eligible construction, architectural and engineering, design, management and consultant costs that would have qualified for supplemental reimbursement under the original capital project. The Legislature finds that the original qualifying amount was one billion two hundred sixty-nine million seven hundred thirty-five thousand dollars (\$1,269,735,000).

(2) Notwithstanding any other provision of this section, any portion of the revised capital expenditure



project for which the County of Los Angeles is reimbursed by the Federal Emergency Management Agency and the State Office of Emergency Services shall not be considered eligible project costs for purposes of determining supplemental reimbursement under Section 14085.5.

(3) The department shall seek a medicaid state plan amendment in order to maximize federal financial participation. However, if the department is unable to obtain federal financial participation at the Medi-Cal inpatient adjustment rate as described in paragraph (1), the state shall fully fund any amount that would otherwise be funded under this section, but for which federal financial participation cannot be obtained.

(f) The LAC-USC Medical Center shall provide written notification to the department of the status of the project on or before January 1 of each year, commencing January 1, 2002. This notification shall, at a minimum, include a narrative description of the project, identification of services to be provided, documentation substantiating service needs, projected construction timeframes, and total estimated revised capital project costs.

(g) The project, if eligible under the criteria set forth in this section and Section 14085.5, shall commence construction at both facilities referred to in subdivision (a) on or before January 1, 2004.

(h) In addition to the requirements of subdivision (f), the project shall be licensed for operation and available for occupancy on or before January 1, 2009.

(i) On or before August 15, 2001, the County of Los Angeles may withdraw any revised final plans that are submitted pursuant to this section prior to that date if the Board of Supervisors of Los Angeles County finds that insufficient funds are available to carry out the capital expenditure project described in this section.

SEC. 2. (a) The Legislature finds and declares that in an effort to protect the fragile health care delivery system of Los Angeles County, an objective analysis of the community's health care needs is required.



(b) Therefore, two years prior to obtaining the certificate of occupancy for the LAC-USC Medical Center replacement facility referred to in subdivision (a) of Section 14085.54 of the Welfare and Institutions Code, the Legislature and Los Angeles County shall complete a report that assesses the health care needs of the residents of the county and the catchment area of the LAC-USC Medical Center. The role of the Women's and Children's Hospital in meeting the community's needs shall be included in this report. The report shall be submitted to the Governor for review.

(c) Each recommendation jointly agreed to by the state and the Board of Supervisors of Los Angeles County shall be submitted to the Legislature for consideration. The state and Los Angeles County shall, in good faith, implement the jointly agreed recommendations not otherwise requiring statutory change.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.



Approved _____, 2000

Governor

