

## Senate Bill No. 429

### CHAPTER 741

An act to amend Section 16946 of the Welfare and Institutions Code, relating to human services.

[Approved by Governor October 7, 1999. Filed  
with Secretary of State October 10, 1999.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 429, Monteith. County health services.

Existing law provides that the Hospital Services Account in the Cigarette and Tobacco Products Surtax Fund is available for appropriation for payment to public and private hospitals for the treatment of hospital patients who cannot afford to pay for that treatment and for whom payment for hospital services will not be made through private coverage or by any program funded in whole or in part by the federal government.

Existing law provides for the allocation of money derived from the Hospital Services Account to each county contracting with the State Department of Health Services under the County Medical Services Program, also known as a CMSP county, and to a county that administers its own county health services program, also known as a MISP county.

Existing law requires as a condition of a county receiving funding under these provisions that each county and noncounty hospital, among other things, maintain the same number and classification of emergency room permits and trauma facility designations as existed on January 1, 1990.

Existing law provides that if San Luis Obispo County or Stanislaus County discontinues the provision of acute inpatient care services they may surrender their emergency room permits without penalties if, in the alternative, designated requirements are met, including, delivering specific alternative services.

This bill would add new requirements, related to the system of delivering alternative services, for San Luis Obispo County and Stanislaus County to act pursuant to this provision. This bill would provide that if these counties meet the designated requirements they shall be eligible to receive county funding pursuant to these provisions in the manner specified in the bill.

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

SECTION 1. Section 16946 of the Welfare and Institutions Code is amended to read:

16946. (a) The Hospital Services Account portion of each county's allocation pursuant to Sections 16932 and 16941 shall be divided into two amounts by:

(1) Multiplying the Hospital Services Account funding portion by the percentage specified in paragraph (5) of subdivision (c) of Section 16945.

(2) Multiplying the amount of the Hospital Services Account funding portion by the percentage specified in paragraph (6) of subdivision (c) of Section 16945.

(b) The amount of each county's Hospital Services Account funding portion calculated in paragraph (1) of subdivision (a) shall be used for payment or support of services provided on or after July 1, 1989, by noncounty hospitals. Beginning in the 1991-92 fiscal year and annually thereafter, these amounts shall be reduced by dividing each county's amount by the total amount for all counties, multiplied by the sum of twelve million dollars (\$12,000,000). This amount for each county shall be further divided into two equal parts, as follows:

(1) (A) The first part shall be allocated to each noncounty hospital within a county in amounts determined by multiplying the percentages specified in paragraph (7) of subdivision (c) of Section 16945 by the amount of the first part, and may be used for payment or support of services provided by noncounty hospitals to any eligible patient treated at any time during the fiscal year of the allocation.

(B) Funds distributed during fiscal years subsequent to the 1989-90 fiscal year shall be accounted for on a quarterly basis.

(C) For the 1989-90 fiscal year, noncounty hospitals shall provide the demographic data specified in paragraph (2) of subdivision (b) of Section 16918 on a minimum of 5 percent of patients for whom services are paid for in whole or in part by funds allocated pursuant to this paragraph, in addition to any other requirements specified in Section 16918.

(D) For the 1990-91 fiscal year and fiscal years thereafter, noncounty hospitals shall provide data pursuant to the reporting requirements specified in Section 16918 and shall provide posted and individual notices pursuant to Section 16818 for the duration of any quarter during which funds allocated pursuant to this paragraph are used.

(E) Amounts calculated pursuant to this paragraph shall not be reduced or utilized to offset the costs of administering the Hospital Services Account.

(2) (A) (i) The remaining 50 percent of the funds from the Hospital Services Account shall be distributed by the county to hospitals, including those under contract with the county, to maintain access to emergency care and to purchase other necessary hospital services provided during the fiscal year of the allocation.

(ii) In contracting for emergency care with hospitals in neighboring counties, the county shall not impose conditions to



accept transfers that it does not impose on hospitals within its own boundaries.

(B) (i) Prior to distributing funds to hospitals, each county shall consult with the hospitals and consider the historic and projected patterns of care provided by hospitals, by geographic catchment areas within both urban and nonurban areas, unique costs associated with treating disproportionate numbers of severely ill indigent patients, and disproportionate losses sustained by hospitals in the provision of care.

(ii) The county shall also consider the patterns of care of its residents provided by Level I trauma care hospitals in contiguous counties and may make proportionate allocations to those trauma centers.

(c) (1) The amount of each county's Hospital Services Account funding portion calculated in paragraph (2) of subdivision (a) may be used for the payment or support of services provided in county hospitals or noncounty hospitals as determined by each county during the fiscal year of the allocation.

(2) Beginning in the 1991-92 fiscal year and annually thereafter, the amount of each county's funding portion calculated pursuant to paragraph (2) of subdivision (a) shall be reduced by an amount that shall be calculated as follows:

(A) Divide each county's amount of funding under paragraph (2) of subdivision (a) by the total amount of funding under that paragraph for all counties.

(B) Multiply the quotient calculated pursuant to subparagraph (A) by the sum of six million dollars (\$6,000,000).

(d) As a condition of receiving funds under this section and Section 16932, each county shall require each county and noncounty hospital to do all of the following:

(1) (A) Maintain the same number and classification of emergency room permits and trauma facility designations as existed on January 1, 1990.

(B) (i) Any hospital that maintained two special permits for basic emergency service on the effective date of this part shall be deemed to have met the requirements of paragraph (1) of subdivision (d), if each of the emergency rooms was located on separate campuses of the hospital and was located not more than two miles from the other emergency room.

(ii) Clause (i) shall apply even if one of the emergency room permits is surrendered after the effective date of this part.

(2) Provide data and reports on the use and expenditure of all funds received. This information shall be in a form and according to procedures specified by the county and the department.

(3) Assure that funds received pursuant to this section are used only for services for persons who cannot afford to pay for those services, and for whom payment will not be made through any



private coverage or by any program funded in whole or in part by the federal government.

(e) (1) If a county or noncounty hospital does not comply with this section, the county shall recover funds received by the hospital as follows:

(A) For any violation of paragraph (1) of subdivision (d), the county shall recover that portion of the funds received which equal the ratio of the number of months not in compliance to 12 months.

(B) For any violation of paragraph (2) of subdivision (d), the county shall recover all funds received.

(C) For any violation of paragraph (3) of subdivision (d), the county shall recover the difference between the amount received and the amount for which the hospital can document that the funds were used only for services for persons who cannot afford to pay for those services and for whom payment will not be made through any private coverage or by any program funded in whole or in part by the federal government.

(2) The county may deny further payments required by this section until the hospital demonstrates compliance.

(f) Funds withheld or recovered pursuant to this section may be reallocated and distributed by the county pursuant to paragraph (2) of subdivision (b).

(g) (1) Except as provided in paragraph (2), funds allocated pursuant to paragraph (1) or (2) of subdivision (b) which are not expended because a hospital does not participate shall be redistributed pursuant to paragraph (2) of subdivision (b).

(2) If no noncounty hospitals remain to participate, the county may distribute those unexpended funds pursuant to subdivision (c).

(h) (1) In any county that comprises not more than one-half percent of the total state population and in which there are a county hospital and a noncounty hospital with emergency room permits located within two miles of each other, the county hospital may surrender its emergency room permit without any penalty for violation of paragraph (1) of subdivision (d) if, in the alternative, all of the following occur:

(A) The county shall enter into a contractual arrangement with the noncounty hospital.

(B) The county and noncounty hospital shall provide for the availability of at least the same level of emergency services and specialty backup which the county hospital and noncounty hospital provided prior to the surrendering of the emergency room permit.

(C) The county shall establish sufficient capacity, including evening and weekend coverage, in its urgent care clinic and other outpatient clinics to provide for the same or greater level of urgent care and nonemergency visits that were provided in the county hospital emergency department in the calendar year prior to the surrendering of the emergency room permit.



(D) The county shall provide for adequate initial public hearings and ongoing public notification and information, in Spanish and English, on the availability of emergency, urgent care, and nonurgent clinic services and how to obtain those services. The county shall provide for, as part of the ongoing public notification, an outreach program to ensure that the medically indigent community, particularly migrant and seasonal farmworkers, and cultural and linguistic minority patients, are effectively made aware of the alternative system of care and the ways to access it.

(E) The county ensures that there are adequate Spanish translation services and referral services on a 24-hour basis at the noncounty hospital emergency department, and at the county hospital clinics, during their hours of operation.

(F) The county shall ensure, in planning for an alternative delivery system as provided for in paragraph (C), participation of those existing agencies providing health care services to the uninsured and working poor medically indigent, including federally qualified health centers and nonprofit community-based rural health clinics.

(G) The county shall ensure that its alternative delivery system includes medical providers who are culturally and linguistically competent to service the diverse medically indigent populations and have been serving uninsured persons seeking care at the county hospital prior to closing. These providers shall include, among others, nonprofit community-based safety net and traditional providers currently serving both the uninsured and medically indigent populations.

(H) The county shall ensure that its alternative delivery system does not provide less health care services and resources than that being made available to the medically indigent and uninsured prior to the closing of the county hospital.

(2) The department shall annually review the county's compliance with this subdivision. If the department determines that the county is not in compliance with this subdivision, it shall require the county to recover funds and deny further payments pursuant to subdivision (e) until compliance is resumed.

(3) Any county that is permitted under paragraph (1) to surrender its emergency room permit shall continue to fulfill its duties and obligations to provide indigent care according to Section 17000.

(i) Any county of the 20th class or the 24th class that discontinues the provision of acute inpatient care services may surrender its emergency room permit without any penalty for violation of paragraph (1) of subdivision (d), provided that the county shall enter into a contractual arrangement with at least one noncounty hospital meeting the requirements of subdivision (d) and all of the requirements of subparagraphs (A) to (H), inclusive, of paragraph



(1) of subdivision (h) are met by the county and the contracting noncounty hospital, in which case paragraphs (2) and (3) of subdivision (h) shall apply to that county.

(j) Notwithstanding any other provision of law, any county of the 20th class or the 24th class that meets the requirements and conditions of subdivision (i) shall be eligible to receive funds distributed pursuant to any provision of this section equal to that amount received by the county for the fiscal year immediately preceding the year in which it discontinues the provision of acute inpatient care services. The amount calculated pursuant to this subdivision shall be adjusted annually based upon the funding available from the Hospital Services Account in the Cigarette and Tobacco Products Surtax Fund.

