

ASSEMBLY BILL

No. 1046

Introduced by Assembly Member Dababneh

February 26, 2015

An act to amend Sections 127340, 127345, 127350, and 127355 of, and to add Section 127365 to, the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

AB 1046, as introduced, Dababneh. Hospitals: community benefits.

Existing law requires certain private not-for-profit acute hospitals to, every 3 years, complete a community needs assessment, as defined, and to annually adopt and update a community benefits plan, as defined. Existing law exempts certain hospitals from these provisions, including small and rural hospitals. Existing law requires a hospital to file a report on its community benefits plan and the activities undertaken to address community needs with the Statewide Office of Health Planning and Development. Existing law requires the office to make those reports available to the public.

This bill would revise and recast these provisions to, among other things, make changes to the elements that are required to be included in a community benefits plan and delete the exemption from these requirements for small and rural hospitals. The bill would instead require a hospital to adopt a community benefits plan every 3 years, and to submit an update of the activities conducted under the plan to the office annually. The bill would require the office to post on its Internet Web site the updates to community benefits plans received by the office from each hospital. The bill would require a hospital to make updates to its

community benefits plan available to the public, upon request, at no charge.

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. Section 127340 of the Health and Safety Code
2 is amended to read:

3 127340. The Legislature finds and declares all of the following:

4 (a) Private not-for-profit hospitals meet certain *health* needs of
5 their communities through the provision of essential health care
6 and other services. Public recognition of their unique status has
7 led to favorable tax treatment by the government. In exchange,
8 nonprofit hospitals assume a social obligation to provide
9 community benefits in the public interest.

10 (b) Hospitals and the environment in which they operate have
11 undergone dramatic changes. The pace of change will accelerate
12 in response to health care reform. In light of this, significant public
13 benefit would be derived if private not-for-profit hospitals reviewed
14 and reaffirmed periodically their commitment to assist in meeting
15 their communities' health—care needs by identifying and
16 documenting benefits provided to the communities which they
17 serve.

18 (c) California's private not-for-profit hospitals provide a wide
19 range of benefits to their communities in addition to those reflected
20 in the financial data reported to the state.

21 *These benefits include, but are not limited to, all of the following:*

22 ~~(d) Unreported community benefits that are often provided but~~
23 ~~not otherwise reported include, but are not limited to, all of the~~
24 ~~following:~~

- 25 ~~(1) Community-oriented wellness and health promotion.~~
- 26 ~~(2) Prevention services, including, but not limited to, health~~
- 27 ~~screening, immunizations, school examinations, and disease~~
- 28 ~~counseling and education.~~
- 29 ~~(3) Adult day care.~~
- 30 ~~(4) Child care.~~
- 31 ~~(5) Medical research.~~
- 32 ~~(6) Medical education.~~
- 33 ~~(7) Nursing and other professional training.~~

1 ~~(8) Home-delivered meals to the homebound.~~

2 ~~(9) Sponsorship of free food, shelter, and clothing to the~~
3 ~~homeless.~~

4 ~~(10) Outreach clinics in socioeconomically depressed areas.~~

5 ~~(e) Direct provision of goods and services, as well as preventive~~
6 ~~programs, should be emphasized by hospitals in the development~~
7 ~~of community benefit plans.~~

8 *(1) Community health services that may include community*
9 *health education, community-based clinical services, health care*
10 *support services, and social or environmental services.*

11 *(2) Health professions education.*

12 *(3) Subsidized health services, including, but not limited to,*
13 *emergency and trauma, neonatal intensive care, burn and special*
14 *care units, women and children's services, renal services, hospice,*
15 *home care, adult day care, behavioral health care services, and*
16 *palliative care.*

17 *(4) Research in clinical care, community health, and general*
18 *studies, including health care delivery.*

19 *(5) Financial and in-kind contributions, including grants or*
20 *other funds to not-for-profit health care organizations improving*
21 *community health needs.*

22 *(6) Administrative and operational costs associated with*
23 *conducting community health needs assessments and implementing*
24 *and evaluating community benefits plans.*

25 *(d) Direct provision of health goods and services or partnerships*
26 *to enhance the provision of health goods and services, as well as*
27 *preventive programs, should be emphasized by hospitals in the*
28 *development of community benefits plans.*

29 SEC. 2. Section 127345 of the Health and Safety Code is
30 amended to read:

31 127345. As used in this article, the following terms have the
32 following meanings:

33 (a) "Community benefits plan" means ~~the~~ a written document
34 prepared for annual submission to the Office of Statewide Health
35 Planning and Development that shall include, but shall not be
36 limited to, a description of the activities that the hospital has
37 undertaken in order to address identified community *health* needs
38 within its mission and financial capacity, and the process by which
39 the hospital developed the plan in consultation with the community.

- 1 (b) “Community” means the service areas or patient populations
- 2 for which the hospital provides health care services.
- 3 (c) Solely for the planning and reporting purposes of this article,
- 4 “community benefit” means a hospital’s activities that are intended
- 5 to address community *health* needs and priorities primarily through
- 6 disease prevention and improvement of health status, including,
- 7 but not limited to, any of the following:
- 8 (1) Health care services, rendered to vulnerable populations,
- 9 including, but not limited to, charity care and the unreimbursed
- 10 cost of providing services to the uninsured, underinsured, and those
- 11 eligible for Medi-Cal, Medicare, ~~California Childrens Services~~
- 12 ~~Program, or county indigent programs, or other means-tested~~
- 13 ~~government programs.~~
- 14 (2) The unreimbursed cost of services included in subdivision
- 15 (d) of Section 127340.
- 16 (3) Financial or in-kind support of public health programs.
- 17 (4) Donation of funds, property, or other resources that
- 18 contribute to ~~a community priority~~ *health improvement.*
- 19 (5) Health care cost containment.
- 20 (6) Enhancement of access to health care or related services that
- 21 contribute to ~~a healthier~~ *community health improvement.*
- 22 (7) Services offered without regard to financial return because
- 23 they meet a community *health* need in the service area of the
- 24 hospital, and other services including health promotion, health
- 25 education, *research*, prevention, and social services.
- 26 (8) Food, shelter, clothing, education, transportation, and other
- 27 goods or services that help ~~maintain a person’s health~~ *community*
- 28 *health improvement.*
- 29 (d) “Community *health* needs assessment” means the process
- 30 by which the hospital identifies, for its primary service area as
- 31 determined by the hospital, unmet community *health* needs.
- 32 (e) “Community *health* needs” means those requisites for
- 33 improvement or maintenance of health status in the community.
- 34 (f) “Hospital” means a private not-for-profit acute hospital
- 35 licensed under subdivision (a), (b), or (f) of Section 1250 and is
- 36 owned by a corporation that has been determined to be exempt
- 37 from taxation under the United States Internal Revenue Code.
- 38 “Hospital” does not ~~mean any of the following:~~ *include a hospital*
- 39 *that is dedicated to serving children and that does not receive*
- 40 *direct payment for services to any patient.*

1 ~~(1) Hospitals that are dedicated to serving children and that do~~
2 ~~not receive direct payment for services to any patient.~~

3 ~~(2) Small and rural hospitals as defined in Section 124840.~~

4 (g) “Mission statement” means a hospital’s primary objectives
5 for operation as adopted by its governing body.

6 (h) “Vulnerable populations” means any population that is
7 exposed to medical or financial risk by virtue of being uninsured,
8 underinsured, or eligible for Medi-Cal, Medicare, ~~California~~
9 ~~Childrens Services Program, or county indigent programs, or other~~
10 ~~means-tested programs.~~

11 SEC. 3. Section 127350 of the Health and Safety Code is
12 amended to read:

13 127350. Each hospital shall do all of the following:

14 ~~(a) By July 1, 1995, reaffirm its mission statement that requires~~
15 ~~its policies integrate and reflect the public interest in meeting its~~
16 ~~responsibilities as a not-for-profit organization.~~

17 ~~(b) By January 1, 1996,~~

18 (a) *Every three years*, complete, either alone, in conjunction
19 with other health care providers, or through other organizational
20 arrangements, a community *health* needs assessment evaluating
21 the health needs of the community serviced by the hospital, that
22 includes, but is not limited to, a process for consulting with
23 community groups and local government officials in the
24 identification and prioritization of community *health* needs that
25 the hospital can address directly, in collaboration with others, or
26 through other organizational arrangement. ~~The community needs~~
27 ~~assessment shall be updated at least once every three years.~~

28 ~~(e) By April 1, 1996, and annually thereafter~~

29 (b) *Following completion of the community health needs*
30 *assessment every three years*, adopt ~~and update~~ a community
31 benefits plan for providing community benefits either alone, in
32 conjunction with other health care providers, or through other
33 organizational arrangements.

34 ~~(d)~~

35 (c) *Annually submit its an update of the activities conducted*
36 *pursuant to the community benefits plan*, including, but not limited
37 to, the activities that the hospital has undertaken in order to address
38 community *health* needs within its mission and financial capacity,
39 to the Office of Statewide Health Planning and Development. The
40 hospital shall, to the extent practicable, assign and report the

1 economic value of community benefits provided in furtherance of
 2 its plan. ~~Effective with hospital fiscal years, beginning on or after~~
 3 ~~January 1, 1996, each~~ *Each* hospital shall file a copy of the ~~plan~~
 4 *update* with the office not later than 150 days after the hospital's
 5 fiscal year ends. ~~The reports~~

6 (d) *The updates* filed by the hospitals *with the office* shall be
 7 made available to the public by the office, *and, upon request, by*
 8 *the hospital, at no charge.* Hospitals under the common control
 9 of a single corporation or another entity may file a consolidated
 10 ~~report~~ *update of its community benefits plan.*

11 SEC. 4. Section 127355 of the Health and Safety Code is
 12 amended to read:

13 127355. The hospital shall include all of the following elements
 14 in its community benefits plan:

15 (a) Mechanisms to evaluate the plan's effectiveness including,
 16 but not limited to, a method for soliciting the views of the
 17 community served by the hospital and identification of community
 18 groups and local government officials consulted during the
 19 development of the plan.

20 (b) Measurable objectives to be achieved within specified
 21 timeframes.

22 (c) Community benefits categorized into the following
 23 framework:

- 24 ~~(1) Medical care services.~~
- 25 ~~(2) Other benefits for vulnerable populations.~~
- 26 ~~(3) Other benefits for the broader community.~~
- 27 ~~(4) Health research, education, and training programs.~~
- 28 ~~(5) Nonquantifiable benefits.~~
 - 29 (1) *Charity care at cost.*
 - 30 (2) *Unreimbursed cost of Medi-Cal, Medicare, county indigent*
 - 31 *programs, or other means-tested government programs.*
 - 32 (3) *Community health improvement services.*
 - 33 (4) *Health research, health professions education, and training*
 - 34 *programs.*
 - 35 (5) *Subsidized health services, cash, and in-kind contributions*
 - 36 *and other benefits.*
 - 37 (6) *Nonquantifiable benefits.*

38 SEC. 5. Section 127365 is added to the Health and Safety Code,
 39 to read:

1 127365. The Office of Statewide Health Planning and
2 Development shall do all of the following:

3 (a) Post on its Internet Web site the community benefits plans
4 and updates that are submitted to the office pursuant to subdivision
5 (b) or (c) of Section 127350 within 120 days of receipt of those
6 plans or updates.

7 (b) Identify on its Internet Web site any hospital that did not
8 file an update of its community benefits plan on a timely basis.

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