

ASSEMBLY BILL

No. 579

Introduced by Assembly Member Obernolte

February 24, 2015

An act to amend Section 1250.8 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 579, as introduced, Obernolte. Health facilities: physical plant location.

Existing law requires the State Department of Public Health to issue a single consolidated license to a general acute care hospital that includes more than one physical plant maintained and operated on separate premises if all applicable requirements of licensure, as specified, are satisfied. Under existing law, the physical plants maintained and operated under a general acute care hospital's single consolidated license must be located no more than 15 miles apart, unless a specified exception applies.

This bill would create an exception to permit a general acute care hospital to operate an emergency department located more than 15 miles from its main physical plant, if all applicable requirements of licensure are satisfied.

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 1250.8 of the Health and Safety Code is
- 2 amended to read:

1 1250.8. (a) Notwithstanding subdivision (a) of Section 127170,
 2 the department, upon application of a general acute care hospital
 3 that meets all the criteria of subdivision (b), and other applicable
 4 requirements of licensure, shall issue a single consolidated license
 5 to a general acute care hospital that includes more than one physical
 6 plant maintained and operated on separate premises or that has
 7 multiple licenses for a single health facility on the same premises.
 8 A single consolidated license shall not be issued where the separate
 9 freestanding physical plant is a skilled nursing facility or an
 10 intermediate care facility, whether or not the location of the skilled
 11 nursing facility or intermediate care facility is contiguous to the
 12 general acute care hospital unless the hospital is exempt from the
 13 requirements of subdivision (b) of Section 1254, or the facility is
 14 part of the physical structure licensed to provide acute care.

15 (b) The issuance of a single consolidated license shall be based
 16 on the following criteria:

17 (1) There is a single governing body for all the facilities
 18 maintained and operated by the licensee.

19 (2) There is a single administration for all the facilities
 20 maintained and operated by the licensee.

21 (3) There is a single medical staff for all the facilities maintained
 22 and operated by the licensee, with a single set of bylaws, rules,
 23 and regulations, ~~which~~ *that* prescribe a single committee structure.

24 (4) Except as provided otherwise in this paragraph, the physical
 25 plants maintained and operated by the licensee which are to be
 26 covered by the single consolidated license are located not more
 27 than 15 miles apart. If an applicant provides evidence satisfactory
 28 to the department that it can comply with all requirements of
 29 licensure and provide quality care and adequate administrative and
 30 professional supervision, the director may issue a single
 31 consolidated license to a general acute care hospital that operates
 32 two or more physical plants located more than 15 miles apart under
 33 any of the following circumstances:

34 (A) One or more of the physical plants is located in a rural area,
 35 as defined by regulations of the director.

36 (B) One or more of the physical plants provides only outpatient
 37 services, as defined by the department.

38 (C) *One or more of the physical plants is an emergency*
 39 *department, as defined in subdivision (b) of Section 128700.*

40 (E)

- 1 (D) If Section 14105.986 of the Welfare and Institutions Code
2 is implemented and the applicant meets all of the following criteria:
3 (i) The applicant is a nonprofit corporation.
4 (ii) The applicant is a children’s hospital listed in Section 10727
5 of the Welfare and Institutions Code.
6 (iii) The applicant is affiliated with a major university medical
7 school and located adjacent thereto.
8 (iv) The applicant operates a regional tertiary care facility.
9 (v) One of the physical plants is located in a county that has a
10 consolidated and county government structure.
11 (vi) One of the physical plants is located in a county having a
12 population between 1,000,000 and 2,000,000.
13 (vii) The applicant is located in a city with a population between
14 50,000 and 100,000.
15 (c) In issuing the single consolidated license, the state
16 department shall specify the location of each supplemental service
17 and the location of the number and category of beds provided by
18 the licensee. The single consolidated license shall be renewed
19 annually.
20 (d) To the extent required by Chapter 1 (commencing with
21 ~~Section 127125~~) *Section 127125*) of Part 2 of Division 107, a
22 general acute care hospital that has been issued a single
23 consolidated license:
24 (1) Shall not transfer from one facility to another a special
25 service described in Section 1255 without first obtaining a
26 certificate of need.
27 (2) Shall not transfer, in whole or in part, from one facility to
28 another, a supplemental service, as defined in regulations of the
29 director pursuant to this chapter, without first obtaining a certificate
30 of need, unless the licensee, 30 days prior to the relocation, notifies
31 the Office of Statewide Health Planning and Development, the
32 applicable health systems agency, and the state department of the
33 licensee’s intent to relocate the supplemental service, and includes
34 with this notice a cost estimate, certified by a person qualified by
35 experience or training to render the estimates, which estimates that
36 the cost of the transfer will not exceed the capital expenditure
37 threshold established by the Office of Statewide Health Planning
38 and Development pursuant to Section 127170.
39 (3) Shall not transfer beds from one facility to another facility,
40 without first obtaining a certificate of need unless, 30 days prior

1 to the relocation, the licensee notifies the Office of Statewide
2 Health Planning and Development, the applicable health systems
3 agency, and the state department of the licensee’s intent to relocate
4 health facility beds, and includes with this notice both of the
5 following:

6 (A) A cost estimate, certified by a person qualified by experience
7 or training to render the estimates, which estimates that the cost
8 of the relocation will not exceed the capital expenditure threshold
9 established by the Office of Statewide Health Planning and
10 Development pursuant to Section 127170.

11 (B) The identification of the number, classification, and location
12 of the health facility beds in the transferor facility and the proposed
13 number, classification, and location of the health facility beds in
14 the transferee facility.

15 Except as otherwise permitted in Chapter 1 (commencing with
16 Section 127125) of Part 2 of Division 107, or as authorized in an
17 approved certificate of need pursuant to that chapter, health facility
18 beds transferred pursuant to this section shall be used in the
19 transferee facility in the same bed classification as defined in
20 Section 1250.1, as the beds were classified in the transferor facility.

21 Health facility beds transferred pursuant to this section shall not
22 be transferred back to the transferor facility for two years from the
23 date of the transfer, regardless of cost, without first obtaining a
24 certificate of need pursuant to Chapter 1 (commencing with Section
25 127125) of Part 2 of Division 107.

26 (e) Transfers pursuant to subdivision (d) shall satisfy all
27 applicable requirements of licensure and shall be subject to the
28 written approval, if required, of the state department. The state
29 department may adopt regulations that are necessary to implement
30 this section. These regulations may include a requirement that each
31 facility of a health facility subject to a single consolidated license
32 have an onsite full-time or part-time administrator.

33 (f) As used in this section, “facility” means a physical plant
34 operated or maintained by a health facility subject to a single,
35 consolidated license issued pursuant to this section.

36 (g) For purposes of selective provider contracts negotiated under
37 the Medi-Cal program, the treatment of a health facility with a
38 single consolidated license issued pursuant to this section shall be
39 subject to negotiation between the health facility and the California
40 Medical Assistance Commission. A general acute care hospital

1 that is issued a single consolidated license pursuant to this section
2 may, at its option, be enrolled in the Medi-Cal program as a single
3 business address or as separate business addresses for one or more
4 of the facilities subject to the single consolidated license.
5 Irrespective of whether the general acute care hospital is enrolled
6 at one or more business addresses, the department may require the
7 hospital to file separate cost reports for each facility pursuant to
8 Section 14170 of the Welfare and Institutions Code.

9 (h) For purposes of the Annual Report of Hospitals required by
10 regulations adopted by the state department pursuant to this part,
11 the state department and the Office of Statewide Health Planning
12 and Development may require reporting of bed and service
13 utilization data separately by each facility of a general acute care
14 hospital issued a single consolidated license pursuant to this
15 section.

16 (i) The amendments made to this section during the 1985–86
17 Regular Session of the Legislature pertaining to the issuance of a
18 single consolidated license to a general acute care hospital in the
19 case where the separate physical plant is a skilled nursing facility
20 or intermediate care facility shall not apply to the following
21 facilities:

22 (1) A facility that obtained a certificate of need after August 1,
23 1984, and prior to February 14, 1985, as described in this
24 subdivision. The certificate of need shall be for the construction
25 of a skilled nursing facility or intermediate care facility that is the
26 same facility for which the hospital applies for a single consolidated
27 license, pursuant to subdivision (a).

28 (2) A facility for which a single consolidated license has been
29 issued pursuant to subdivision (a), as described in this subdivision,
30 prior to the effective date of the amendments made to this section
31 during the 1985–86 Regular Session of the Legislature.

32 A facility that has been issued a single consolidated license
33 pursuant to subdivision (a), as described in this subdivision, shall
34 be granted renewal licenses based upon the same criteria used for
35 the initial consolidated license.

36 (j) If the state department issues a single consolidated license
37 pursuant to this section, the state department may take any action
38 authorized by this chapter, including, but not limited to, any action
39 specified in Article 5 (commencing with Section 1294), with

1 respect to a facility, or a service provided in a facility, that is
2 included in the consolidated license.

3 (k) The eligibility for participation in the Medi-Cal program
4 (Chapter 7 (commencing with Section 14000) of Part 3 of Division
5 9 of the Welfare and Institutions Code) of a facility that is included
6 in a consolidated license issued pursuant to this section, provides
7 outpatient services, and is located more than 15 miles from the
8 health facility issued the consolidated license shall be subject to a
9 determination of eligibility by the state department. This
10 subdivision shall not apply to a facility that is located in a rural
11 area and is included in a consolidated license issued pursuant to
12 subparagraphs (A), (B), and (C) of paragraph (4) of subdivision
13 (b). Regardless of whether a facility has received or not received
14 a determination of eligibility pursuant to this subdivision, this
15 subdivision shall not affect the ability of a licensed professional,
16 providing services covered by the Medi-Cal program to a person
17 eligible for Medi-Cal in a facility subject to a determination of
18 eligibility pursuant to this subdivision, to bill the Medi-Cal program
19 for those services provided in accordance with applicable
20 regulations.

21 (l) Notwithstanding any other provision of law, the director may
22 issue a single consolidated license for a general acute care hospital
23 to Children's Hospital Oakland and San Ramon Regional Medical
24 Center.

25 (m) Notwithstanding any other provision of law, the director
26 may issue a single consolidated license for a general acute care
27 hospital to Children's Hospital Oakland and the John Muir Medical
28 Center, Concord Campus.

29 (n) (1) To the extent permitted by federal law, payments made
30 to Children's Hospital Oakland pursuant to Section 14166.11 of
31 the Welfare and Institutions Code shall be adjusted as follows:

32 (A) The number of Medi-Cal payment days and net revenues
33 calculated for the John Muir Medical Center, Concord Campus
34 under the consolidated license shall not be used for eligibility
35 purposes for the private hospital disproportionate share hospital
36 replacement funds for Children's Hospital Oakland.

37 (B) The number of Medi-Cal payment days calculated for
38 hospital beds located at John Muir Medical Center, Concord
39 Campus that are included in the consolidated license beginning in
40 the 2007-08 fiscal year shall only be used for purposes of

1 calculating disproportionate share hospital payments authorized
2 under Section 14166.11 of the Welfare and Institutions Code at
3 Children’s Hospital Oakland to the extent that the inclusion of
4 those days does not exceed the total Medi-Cal payment days used
5 to calculate Children’s Hospital Oakland payments for the 2006–07
6 fiscal year disproportionate share replacement.

7 (2) This subdivision shall become inoperative in the event that
8 the two facilities covered under the consolidated license described
9 in subdivision (a) are located within a 15-mile radius of each other.

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