

AMENDED IN SENATE JUNE 16, 2015

AMENDED IN ASSEMBLY APRIL 28, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1350

Introduced by Assembly Member Salas

February 27, 2015

An act to amend Sections 101852, 101852.1, 101853, 101853.1, 101855, ~~and~~ 101855.1, *and 101856* of the Health and Safety Code, relating to hospital authorities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1350, as amended, Salas. Kern County Hospital Authority.

The Kern County Hospital Authority Act authorizes the board of supervisors of the County of Kern to, among other things, establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control the Kern Medical Center and for the operation of additional programs, clinics and other facilities, care organizations, physician practice plans, and delivery systems that may be affiliated or consolidated with the medical center. Existing law requires the board of supervisors to adopt, and the authority to implement, a personnel transition plan that requires specified actions, including acknowledgment that the authority, to the extent permitted by federal and state law, is required to be bound by the terms of the memoranda of understanding executed between the county and its exclusive employee representatives that are in effect on the date the county adopts the enabling ordinance. Existing law subjects the authority to other employment and retirement provisions.

This bill would revise and recast those provisions to make technical changes to provisions relating to the transfer of control of the medical center by the county to the Kern County Hospital Authority, as specified. The bill would clarify that the authority is empowered with the maintenance, operation, management, control, ownership, or lease of the medical center, as provided by the enabling ordinance, as specified. The bill would make changes to the personnel transition plan to instead provide that the memoranda of understanding that apply to the authority are those in effect on the date of the transfer of control of the medical center to the authority, as specified, and if the memoranda of understanding has expired, that the most recent memoranda is binding unless modified by mutual agreement with each of the exclusive employee representatives. The bill would make other changes to related provisions to further reflect that certain actions be taken on the date of the transfer of control of the medical center to the authority, rather than the date the county adopts the enabling ordinance. The bill would make other changes to provisions related to, among others, retirement provisions, debt instruments, and contract provisions. The bill would authorize the board of supervisors to contract on behalf of the authority.

Existing law provides that certain employees of the authority may participate in the Kern County Employees' Retirement Association, as specified.

The bill would require new obligations between the county and the authority regarding employer contributions to employee retirement plans.

The bill would provide that legacy employees, as defined, would be deemed county employees only for purposes of participation in a benefit plan administered by the Kern County Employees' Retirement Association. The county would assume primary financial responsibility, and the authority would assume supplemental financial responsibility, for employer contributions that fund benefits for legacy employees, upon the transfer of control of the medical center to the authority.

The bill would provide that the authority would assume primary financial responsibility, and the county would assume supplemental financial responsibility, for employer contributions that fund benefits for new employees, as defined. However, if the authority fails to make required contributions for new employees, the county would be required to make employer contributions upon notice and demand from the Kern County Employees' Retirement Association, as specified

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

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

1 SECTION 1. Section 101852 of the Health and Safety Code
2 is amended to read:
3 101852. (a) This chapter shall be known, and may be cited,
4 as the Kern County Hospital Authority Act.
5 (b) The Legislature finds and declares all of the following:
6 (1) Kern Medical Center, an acute care hospital currently
7 operated as a constituent department of the County of Kern, is a
8 designated public hospital, as defined in subdivision (d) of Section
9 14166.1 of the Welfare and Institutions Code, and a critical
10 component of the state's health care safety net.
11 (2) A county is authorized under existing law to integrate its
12 county hospital services with those of other hospitals into a system
13 of community service that offers free choice of hospitals to those
14 requiring hospital care, with the objective of eliminating
15 discrimination or segregation based on economic disability, so that
16 the county hospital and other hospitals in the community share in
17 providing services to paying patients and to those who qualify for
18 care in public medical care programs. However, in a new era of
19 health care delivery, it is necessary to pursue approaches that
20 transition beyond acute care-centric orientations.
21 (3) The ongoing evolution of the health care environment
22 requires public entities providing or arranging health care services
23 to pursue innovative health care delivery models that proactively
24 improve the quality of patient care services and patient experience,
25 efficiently and effectively increase access to needed health care
26 services across the care continuum, provide services in a
27 patient-centered manner, and moderate the rate of growth of health
28 care expenditures.
29 (4) The board of supervisors of the County of Kern has
30 determined that providing access to affordable, high-quality health
31 care services, and ensuring the full engagement and viability of
32 the health care safety net in the county are essential for improving
33 the health status of the people of the County of Kern. To further
34 this imperative, it is necessary that the Kern Medical Center, while
35 continuing as a designated public hospital and maintaining its

mission, is provided with an organizational and operational structure that facilitates and improves its ability to function with flexibility, responsiveness, and innovation to promote a patient-centric system of care delivery featuring community-based care. This can best be accomplished by allowing the operation of the Kern Medical Center, along with other health-related resources, under a new hospital authority that is able to pursue efforts towards a delivery system that embraces population health management strategies, is effectively positioned for health plan-provider alignment, and maximizes opportunities for employees and enhancement of staff morale.

(5) This chapter is necessary to allow the formation of a new political subdivision, a public hospital authority, for the purposes described above.

SEC. 2. Section 101852.1 of the Health and Safety Code is amended to read:

101852.1. For purposes of this chapter, the following definitions shall apply:

(a) “Authority” means the Kern Hospital System Authority established pursuant to this chapter.

(b) “Board of supervisors” means the board of supervisors of the County of Kern.

(c) “Board of governors” means the governing body of the authority.

(d) “County” means the County of Kern.

(e) “Enabling ordinance” means the county ordinance enacted by the board of supervisors pursuant to this chapter to establish the authority, as it may be amended from time to time.

(f) *“Legacy employees” means employees of the county who retired from the medical center prior to the date of transfer of control of the medical center; employees of the county who are initially transferred to the authority on the date of transfer of control of the medical center; and employees first hired by or retired from the authority during the 24-month period following the date of transfer of control of the medical center.*

~~(f)~~

(g) “Medical center” means the assets and liabilities comprising the Kern Medical Center, including, without limitation, a licensed acute care hospital and related public health care programs, facilities, care organizations, physician practice plans and delivery

1 systems, which may be hospital-based or nonhospital-based, as
2 specified by the board of supervisors or the authority now or in
3 the future, as the case may be, depending on which entity controls
4 the medical center.

5 (h) *“New employees” means employees first hired by the*
6 *authority after the 24-month period following the date of transfer*
7 *of control of the medical center.*

8 ~~(g)~~

9 (i) *“Transfer of control of the medical center” means the transfer*
10 *by the county to the authority of the maintenance, operation,*
11 *management, and personnel of the medical center, whether by*
12 *lease, transfer of ownership, or other means, as provided by, and*
13 *subject to, any conditions and limitations specified by the board*
14 *of supervisors in the enabling ordinance.*

15 SEC. 3. Section 101853 of the Health and Safety Code is
16 amended to read:

17 101853. (a) Pursuant to this chapter, the board of supervisors
18 may establish by ordinance the Kern County Hospital Authority,
19 which shall be a public agency that is a local unit of government
20 separate and apart from the county and any other public entity for
21 all purposes. The authority established pursuant to this chapter
22 shall file the statement required by Section 53051 of the
23 Government Code, and is a public entity for purposes of Division
24 3.6 (commencing with Section 810) of Title 1 of the Government
25 Code.

26 (b) The purpose of the authority shall be to do all of the
27 following:

28 (1) Provide management, administration, and other controls
29 consistent with this chapter as needed to operate the medical center
30 and maintain its status as a designated public hospital, as defined
31 in subdivision (d) of Section 14166.1 of the Welfare and
32 Institutions Code, and for the operation of additional programs,
33 clinics and other facilities, care organizations, health care service
34 and physician practice plans, and delivery systems that may be
35 affiliated or consolidated with the medical center, to ensure the
36 viability of the health care safety net in the county in a manner
37 consistent with the county’s requirements under Section 17000 of
38 the Welfare and Institutions Code.

39 (2) Provide management, administration, and other controls
40 consistent with this chapter to negotiate and enter into contracts

1 to provide or arrange, or provide directly, on a fee-for-service,
2 capitated, or other basis, health care services to individuals
3 including, but not limited to, those covered under Subchapters
4 XVIII (commencing with Section 1395), XIX (commencing with
5 Section 1396), and XXI (commencing with Section 1397aa) of
6 Chapter 7 of Title 42 of the United States Code, those entitled to
7 coverage under private group coverage, private individual coverage,
8 including without limitation, coverage through Covered California,
9 other publicly supported programs, those employed by public
10 agencies or private businesses, and uninsured or indigent
11 individuals.

12 (c) Subject to the requirements of this chapter, the authority
13 shall have, and be charged with, authority for the maintenance,
14 operation, management, control, ownership, or lease of the medical
15 center and other health-related resources, as provided by the
16 enabling ordinance. The State Department of Health Care Services
17 shall take all necessary steps to ensure all of the following:

18 (1) The authority has all of the licenses, permits, and approvals
19 needed to operate the medical center.

20 (2) The medical center continues its status as a designated public
21 hospital to at least the same extent as it would be designated in the
22 absence of its transfer to the authority pursuant to this chapter.

23 (3) The authority may participate as a contributing public agency
24 for all of the purposes specified in Section 433.51 of Title 42 of
25 the Code of Federal Regulations, to the extent permitted by federal
26 law.

27 (d) The board of supervisors, in the enabling ordinance, shall
28 establish the terms and conditions of the transfer to the authority
29 from the county, including, but not limited to, all of the following:

30 (1) Any transfer of real and personal property, assets, and
31 liabilities, including, but not limited to, liabilities of the medical
32 center determined and assigned by the county for county funds
33 previously advanced, but not repaid or otherwise recovered, to
34 fund the operations of the medical center.

35 (2) Transfer of employees, including any necessary personnel
36 transition plan, as specified in Section 101853.1, allocation of
37 credit for funded pension assets and responsibility for any unfunded
38 pension liabilities under the Kern County Employees' Retirement
39 Association, *as specified in paragraph (7) of subdivision (g) of*
40 *Section 101853.1*, or other retirement plans, and funding of the

1 accrued benefits of employees of the authority in the event of
2 withdrawal from the plan or dissolution of the authority. Any
3 allocation of credit for funded pension assets and responsibility
4 for any unfunded pension liabilities with respect to the Kern County
5 Employees' Retirement Association must be approved by its
6 governing board of retirement after consideration of legal and
7 actuarial analysis, and no such allocation may be made that would
8 jeopardize the qualified status of the Kern County Employees'
9 Retirement Association under the federal Internal Revenue Code.

10 (3) Maintenance, operation, management, control, ownership,
11 or lease of the medical center.

12 (4) Transfer of licenses.

13 (5) Whether funds of the authority shall be deposited in the
14 custody of, and paid out solely through, the county treasurer's
15 office.

16 (6) Any other matters as the board of supervisors deems
17 necessary, appropriate, or convenient for the conduct of the
18 authority's activities.

19 (e) (1) Notwithstanding any other law, a transfer of control of
20 the medical center to the authority may be made, with or without
21 the payment of a purchase price by the authority, and otherwise
22 upon the terms and conditions as found necessary by the board of
23 supervisors and specified in the enabling ordinance to ensure that
24 the transfer will constitute an ongoing material benefit to the county
25 and its residents.

26 (2) A transfer of control of the medical center to the authority
27 shall not be construed as empowering the authority to transfer any
28 ownership interest of the county in any portion of the medical
29 center except as otherwise approved by the board of supervisors.

30 (3) The authority shall not transfer the maintenance, operation,
31 management, control, ownership, or lease of the medical center to
32 any other person or entity without the prior written approval of
33 the board of supervisors. This paragraph shall not prevent the
34 county, by ordinance, from allowing the disposal of obsolete or
35 surplus equipment, supplies, or furnishings of the medical center
36 by the authority.

37 (4) With respect to its maintenance, operation, management,
38 control, ownership, or lease of the medical center, the authority
39 shall conform to both of the following requirements:

1 (A) Comply with any applicable requirements of Section
2 14000.2 of the Welfare and Institutions Code.

3 (B) Comply with any applicable requirements of Section 1442.5.

4 (5) The board of supervisors may retain control of the medical
5 center physical plant and facilities, as specifically provided for in
6 the enabling ordinance or other lawful agreements entered into by
7 the board of supervisors. Any lease agreement between the county
8 and the authority shall provide that county premises shall not be
9 sublet without the approval of the board of supervisors.

10 (6) Notwithstanding any other provision of this chapter, and
11 whether or not accompanied by a change in licensing, the
12 authority's responsibility for the maintenance, operation,
13 management, or control of the medical center, or any ownership
14 or leasehold interest of the authority in the medical center, does
15 not relieve the county of the ultimate responsibility for indigent
16 care pursuant to Section 17000 of the Welfare and Institutions
17 Code.

18 (7) For purposes of Article 12 (commencing with Section
19 17612.1) of Chapter 6 of Part 5 of Division 9 of the Welfare and
20 Institutions Code, and the definition set forth in subdivision (f) of
21 Section 17612.2 of the Welfare and Institutions Code, the medical
22 center, excluding components that provide predominately public
23 health services, and the county are affiliated governmental entities.

24 (f) The board of supervisors may contract with the authority for
25 the provision of indigent care services on behalf of the county.
26 The contract shall specify that county policies, as may be modified
27 from time to time and consistent with the county's obligations
28 under Section 17000 of the Welfare and Institutions Code, shall
29 be applicable. Notwithstanding any other provision of this chapter,
30 the authority shall not undertake any of the county's obligations
31 under Section 17000 of the Welfare and Institutions Code, nor
32 shall the authority have an entitlement to receive any revenue for
33 the discharge of the county's obligations, without a written
34 agreement with the county. Any contract executed by and between
35 the county and the authority shall provide for the indemnification
36 of the county by the authority for liabilities as specifically set forth
37 in the contract, except that the contract shall include a provision
38 that the county shall remain liable for its own negligent acts.
39 Indemnification by the authority shall not divest the county from

1 its ultimate responsibility for compliance with Section 17000 of
2 the Welfare and Institutions Code.

3 (g) Unless otherwise agreed to by the authority and the board
4 of ~~supervisors~~, *supervisors or as otherwise provided by this*
5 *chapter*, an obligation of the authority, statutory, contractual, or
6 otherwise, shall be the obligation solely of the authority and shall
7 not be the obligation of the county or any other entity, and any
8 contract executed by and between the county and the authority, or
9 any other entity and the authority, shall contain a provision that
10 liabilities or obligations of the authority with respect to its activities
11 pursuant to the contract shall be the liabilities or obligations of the
12 authority and shall not be or become the liabilities or obligations
13 of the county or the other entity, respectively. An obligation of the
14 authority, statutory, contractual, or otherwise, shall not be the
15 obligation of the state.

16 (h) The authority shall not be a “person” subject to suit under
17 the Cartwright Act (Chapter 2 (commencing with Section 16700)
18 of Part 2 of Division 7 of the Business and Professions Code).

19 (i) The authority is not subject to the jurisdiction of a local
20 agency formation commission pursuant to the
21 Cortese-Knox-Hertzberg Local Government Reorganization Act
22 of 2000 (Division 3 (commencing with Section 56000) of Title 5
23 of the Government Code), or any successor statute.

24 (j) The authority is a “district” within the meaning set forth in
25 the County Employees Retirement Law of 1937 (Chapter 3
26 (commencing with Section 31450) of Part 3 of Division 4 of Title
27 3 of the Government Code). Employees of the authority are eligible
28 to become members or maintain membership, as applicable, in the
29 Kern County Employees’ Retirement Association, to the extent
30 described in subdivision (g) of Section 101853.1.

31 (k) Any determination with respect to the manner in which the
32 authority qualifies as a governmental plan sponsor under Section
33 414(d) of the Internal Revenue Code shall be limited to relevant
34 employee benefits purposes of that code only, and shall not change
35 or otherwise modify the authority’s status as a public agency that
36 is a local unit of government for other purposes specified in this
37 chapter.

38 SEC. 4. Section 101853.1 of the Health and Safety Code is
39 amended to read:

1 101853.1. (a) In exercising its powers to employ personnel,
2 the authority shall implement, and the board of supervisors shall
3 adopt, a personnel transition plan. The personnel transition plan
4 shall require all of the following:

5 (1) Ongoing communication to employees and recognized
6 employee organizations regarding the impact of the transition on
7 existing medical center, county, and other health care facility
8 employees and employee classifications.

9 (2) Meeting and conferring with representatives of affected
10 bargaining unit employees on both of the following issues:

11 (A) A timeframe for which the transfer of personnel shall occur.

12 (B) Specified periods of time during which county or medical
13 center employees affected by the establishment of the authority
14 may elect to be considered for appointment and exercise
15 reinstatement rights, if applicable, to funded, equivalent, vacant
16 county positions for which they are qualified and eligible. An
17 employee who first elects to remain with the county may
18 subsequently seek reinstatement with the authority within 30 days
19 of the election to remain with the county and shall be subject to
20 the requirements of this article.

21 (3) Acknowledgment that the authority, to the extent permitted
22 by federal and state law, and consistent with paragraph (3) of
23 subdivision (d), shall be bound by the terms of those memoranda
24 of understanding executed between the county and its exclusive
25 employee representatives that are in effect on the date of the
26 transfer of control of the medical center to the authority.
27 Subsequent memoranda of understanding with exclusive employee
28 representatives shall be subject to approval only by the board of
29 governors.

30 (4) Communication to the Board of Retirement of the Kern
31 County Employees' Retirement Association or other retirement
32 plan of any personnel transition plan, memoranda of understanding,
33 or other arrangements that are related to the participation of the
34 authority's employees or the addition of new employees in the
35 retirement plan.

36 (b) Implementation of this chapter shall not be a cause for the
37 modification of the medical center or county employment benefits.
38 Employees of the medical center or county on the date of transfer,
39 who become authority employees, shall retain their existing or
40 equivalent classifications and job descriptions upon transfer to the

1 authority, comparable pension benefits (if permissible pursuant to
2 relevant plan terms), and their existing salaries and other benefits
3 that include, but are not limited to, accrued and unused vacation,
4 sick leave, personal leave, health care, retiree health benefits, and
5 deferred compensation plans. The transfer of an employee from
6 the medical center or county shall not constitute a termination of
7 employment for purposes of Section 227.3 of the Labor Code, or
8 employee benefit plans and arrangements maintained by the
9 medical center or county, except as otherwise provided in the
10 enabling ordinance or personnel transition plan, nor shall it be
11 counted as a break in uninterrupted employment for purposes of
12 Section 31641 of the Government Code with respect to the Kern
13 County Employees' Retirement Association, or state service for
14 purposes of the Public Employees' Retirement System (Part 3
15 (commencing with Section 20000) of Division 5 of Title 2 of the
16 Government Code).

17 (c) Subject to applicable state law, the authority shall recognize
18 the exclusive employee representatives of those authority
19 employees who are transferred from the county or medical center
20 to the authority pursuant to this chapter.

21 (d) In order to stabilize labor and employment relations and
22 provide continuity of care and services to the people of the county,
23 and notwithstanding any other law, the authority shall do all of the
24 following for a period of 24 months after the effective date of the
25 transfer of control of the medical center to the authority:

26 (1) Continue to recognize each exclusive employee
27 representative of each bargaining unit.

28 (2) Continue to provide the same level of employee benefits to
29 authority employees, whether the obligation to provide those
30 benefits arise out of a memorandum of understanding, or other
31 agreements or law.

32 (3) Extend and continue to be bound by any existing memoranda
33 of understanding covering the terms and conditions of employment
34 for employees of the authority, including the level of wages and
35 benefits, and any county rules, ordinances, or policies specifically
36 identified and incorporated by reference in a memoranda of
37 understanding for 24 months or through the term of the
38 memorandum of understanding, whichever shall be the longer,
39 unless modified by mutual agreement with each of the exclusive
40 employee representatives. The authority shall continue to provide

1 those pension benefits specified in any memoranda of agreement
2 as long as doing so does not conflict with any Kern County
3 Employee Retirement Association plan provisions, or federal or
4 state law including the County Employees Retirement Law of 1937
5 (Chapter 3 (commencing with Section 31450) of Part 3 of Division
6 4 of Title 3 of the Government Code and the federal Internal
7 Revenue Code). If a memoranda of understanding is expired on
8 the date of the transfer of control of the medical center, then the
9 authority shall continue to be bound by the terms and conditions
10 of the most recent memoranda of understanding, unless modified
11 by a mutual agreement with each of the exclusive employee
12 representatives, and the benefits and wages of transferred
13 employees shall be retained consistent with subdivision (b).

14 (4) Meet and confer with the exclusive employee representatives
15 to develop processes and procedures to address employee
16 disciplinary action taken against permanent employees. If the
17 authority terminates, suspends, demotes, or reduces the pay of a
18 permanent employee for disciplinary reasons, those actions shall
19 only be for cause consistent with state law, and an employee shall
20 be afforded applicable due process protections granted to public
21 employees under state law. Permanent employees laid off by the
22 authority within six months of the date of the transfer of control
23 of the medical center shall remain on the county reemployment
24 list for two years. Inclusion on the county reemployment list is not
25 a guarantee of reemployment. For the purposes of this paragraph,
26 the term “permanent employees” excludes probationary employees,
27 temporary employees, seasonal employees, provisional employees,
28 extra help employees, and per diem employees.

29 (5) To the extent layoffs occur, and provided that all other
30 previously agreed upon factors are equal, ensure that seniority
31 shall prevail. The authority shall meet and confer with the exclusive
32 employee representatives to address layoff procedures and the
33 manner in which, and the extent to which, seniority shall be
34 measured for employees who transfer from the medical center or
35 county.

36 (e) Permanent employees of the medical center or county on
37 the effective date of the transfer of control of the medical center
38 to the authority, shall be deemed qualified for employment in
39 equivalent positions at the authority, and no other qualifications
40 shall be required except as otherwise required by state or federal

1 law. Probationary employees on the effective date of the transfer,
2 as set forth in this paragraph, shall retain their probationary status
3 and rights and shall not be required to serve a new probationary
4 *period* or extend their probationary period by reason of the transfer.
5 To the extent possible, employees who transfer to equivalent
6 positions at the authority shall retain their existing classifications
7 and job descriptions, but if there is a dispute over this issue, the
8 authority agrees to meet and confer with the exclusive employee
9 representatives of the transferred employees.

10 (f) Employees who transfer from the medical center or county
11 to the authority shall retain the seniority they earned at the medical
12 center or county and any benefits or privileges based on the
13 seniority.

14 (g) Notwithstanding any other law, employees of the authority
15 may participate in the Kern County Employees' Retirement
16 Association, operated pursuant to the County Employees
17 Retirement Law of 1937 (Chapter 3 (commencing with Section
18 31450) of Part 3 of Division 4 of Title 3 of the Government Code)
19 as set forth below. However, the authority and employees of the
20 authority, or certain designated parts thereof, shall not participate
21 in the Kern County Employees' Retirement Association if the
22 board of retirement, in its sole discretion, determines that their
23 participation could jeopardize the Kern County Employees'
24 Retirement Association's tax-qualified or governmental plan status
25 under federal law, or if a contract or related contract amendment
26 proposed by the authority contains any benefit provisions that are
27 not specifically authorized by Chapters 3 (commencing with
28 Section 31450) and 3.9 (commencing with Section 31899) of Part
29 3 of Division 4 of Title 3 of the Government Code or Article 4
30 (commencing with Section 7522) of Chapter 21 of Division 7 of
31 Title 1 of the Government Code, and that the board determines
32 would adversely affect the administration of the system. There
33 shall not be any individual employee elections regarding
34 participation in the Kern County Employees' Retirement
35 Association or other retirement plans except to the extent such
36 retirement plans provide for elective employee salary deferral
37 contributions in accordance with federal Internal Revenue Code
38 rules.

39 (1) Employees transferred from the county or medical center to
40 the authority who are subject to a memorandum of understanding

1 between the authority and an exclusive employee representative,
2 as described in paragraphs (2) and (3) of subdivision (d), and who
3 were members of the Kern County Employees' Retirement
4 Association at the time of their transfer of employment, shall
5 continue to be a member of the Kern County Employees'
6 Retirement Association, retaining service credit earned to the date
7 of transfer, to the extent provided for in the applicable
8 memorandum of understanding.

9 (2) Employees transferred from the county or medical center to
10 the authority who are subject to a memorandum of understanding
11 between the authority and an exclusive employee representative,
12 as described in paragraphs (2) and (3) of subdivision (d), and who
13 were not members of the Kern County Employees' Retirement
14 Association at the time of their transfer of employment, shall
15 subsequently become a member of the Kern County Employees'
16 Retirement Association only to the extent provided for in the
17 applicable memorandum of understanding.

18 (3) Employees transferred from the county or medical center to
19 the authority who are not subject to a memorandum of
20 understanding between the authority and an exclusive employee
21 representative, as described in paragraphs (2) and (3) of subdivision
22 (d), and who were members of the Kern County Employees'
23 Retirement Association at the time of their transfer of employment,
24 shall continue to be a member of the Kern County Employees'
25 Retirement Association, retaining service credit earned to the date
26 of transfer, as provided in the enabling ordinance or the personnel
27 transition plan.

28 (4) Employees transferred from the county or medical center to
29 the authority who are not subject to a memorandum of
30 understanding between the authority and an exclusive employee
31 representative, as described in paragraphs (2) and (3) of subdivision
32 (d), and who were not members of the Kern County Employees'
33 Retirement Association at the time of their transfer of employment,
34 shall subsequently become a member of the Kern County
35 Employees' Retirement Association only to the extent provided
36 in the enabling ordinance or the personnel transition plan.

37 (5) Employees hired by the authority on or after the effective
38 date of the transfer of control of the medical center shall become
39 a member of the Kern County Employees' Retirement Association
40 only to the extent provided in the enabling ordinance or personnel

1 transition plan described in subdivision (a), or, if subject to a
2 memorandum of understanding between the authority and an
3 exclusive employee representative as described in paragraphs (2)
4 and (3) of subdivision (d), to the extent provided for in the
5 applicable memorandum of understanding.

6 (6) (A) Notwithstanding any other law, for purposes of
7 California Public Employees' Pension Reform Act of 2013 (Article
8 4 (commencing with Section 7522) of Chapter 21 of Division 7
9 of Title 1 of the Government Code), an individual who was
10 employed by the county or the medical center when it was a
11 constituent department of the county, and is a member of the Kern
12 County Employees' Retirement Association or the Public
13 Employees' Retirement System, as set forth in Part 3 (commencing
14 with Section 20000) of Division 5 of Title 2 of the Government
15 Code or a member prior to January 1, 2013, and who transfers,
16 directly or after a break in service of less than six months, to the
17 authority, in which the individual continues to be a member of
18 either the Kern County Employees' Retirement Association or the
19 Public Employees' Retirement System, as applicable, shall not be
20 deemed to be a new employee or a new member within the meaning
21 of Section 7522.04 of the Government Code, and shall continue
22 to be subject, immediately after the transfer, to the same defined
23 benefit formula, as defined in Section 7522.04 of the Government
24 Code, and plan of replacement benefits offered by the county
25 pursuant to Section 31899.4 of the Government Code and the Kern
26 County Replacement Benefits Plan for retirement benefits limited
27 by Section 415 of Title 26 of the United States Code.

28 (B) For purposes of subdivision (c) of Section 7522.43 of the
29 Government Code, the authority shall be treated as a public
30 employer that offered a plan of replacement benefits prior to
31 January 1, 2013. The county's plan of replacement benefits that
32 was in effect prior to January 1, 2013, is deemed to also be the
33 authority's replacement plan for the sole purpose of allowing the
34 authority to continue to offer the plan of replacement benefits,
35 immediately after the transfer, for Kern County Employees'
36 Retirement Association members who meet both of the following
37 requirements, and the qualifying survivors or beneficiaries of those
38 members:

1 (i) The employee was employed as of January 1, 2013, by the
2 county or the medical center when it was a constituent department
3 of the county.

4 (ii) The employee is part of a member group to which the county
5 offered a plan of replacement benefits prior to January 1, 2013.

6 (7) (i) *Notwithstanding any other law, legacy employees shall*
7 *be deemed to be county employees for purposes of participation*
8 *in a benefit plan administered by the Kern County Employees'*
9 *Retirement Association, but only for that purpose, and shall not*
10 *be employees of the county for any other purpose. Upon the*
11 *transfer of control of the medical center and thereafter, the county*
12 *shall include legacy employees in a special county employee group*
13 *for which the county has primary financial responsibility to fund*
14 *all employer contributions that, together with contributions by*
15 *employees and earnings thereon, are necessary to fund all benefits*
16 *for legacy employees administered by the Kern County Employees'*
17 *Retirement Association, notwithstanding the fact that, following*
18 *the transfer of control of the medical center, the authority shall*
19 *commence making periodic employer contributions for legacy*
20 *employees. In the event the authority fails to make required*
21 *employer contributions for legacy employees when due and after*
22 *demand from the Kern County Employees' Retirement Association,*
23 *the county, after receipt of notice and demand from the Kern*
24 *County Employees' Retirement Association, shall be obligated to*
25 *make those contributions in place of the authority.*

26 (ii) *The authority shall be primarily responsible for any*
27 *employer contributions that, together with contributions by*
28 *employees and earnings thereon, are necessary to fund all benefits*
29 *for new employees. In the event the authority fails to make required*
30 *contributions for new employees, the county shall be obligated to*
31 *make the required contributions after receipt of notice and demand*
32 *from the Kern County Employees' Retirement Association. The*
33 *county shall maintain this obligation for new employees until the*
34 *authority demonstrates, and the Kern County Employees'*
35 *Retirement Association's Board of Retirement determines, that the*
36 *authority is sufficiently capable financially to fully assume the*
37 *obligation to make all employer contributions for new employees,*
38 *based upon the standard of financial capability approved by the*
39 *Kern County Employees' Retirement Association and the county*
40 *in a plan of participation, and incorporated within a written*

1 *agreement between the county and the authority. In the event the*
2 *authority fails to make required contributions for any new*
3 *employees due to the authority's dissolution or bankruptcy, the*
4 *county shall be obligated to make the required contributions after*
5 *receipt of notice and demand from the Kern County Employees'*
6 *Retirement Association.*

7 (h) This chapter shall not prohibit the authority from contracting
8 with the Public Employees' Retirement System, in accordance
9 with the requirements of Section 20508 and any other applicable
10 provisions of Part 3 (commencing with Section 20000) of Division
11 5 of Title 2 of the Government Code, for the purpose of providing
12 employee participation in that system, or from establishing an
13 alternative or supplemental retirement system or arrangement,
14 including, but not limited to, deferred compensation arrangements,
15 to the extent permitted by law and subject to any applicable
16 agreement between the authority and the exclusive employee
17 representatives, and as provided in the enabling ordinance or the
18 personnel transition plan. Notwithstanding any other law, the
19 authority and employees of the authority shall not participate in
20 the Public Employees' Retirement System if the Board of
21 Administration of the Public Employees' Retirement System, in
22 its sole discretion, determines that their participation could
23 jeopardize the Public Employees' Retirement System's
24 tax-qualified or governmental plan status under federal law, or if
25 a contract or related contract amendment proposed by the authority
26 contains any benefit provisions that are not specifically authorized
27 by Part 3 (commencing with Section 20000) of Division 5 of Title
28 2 of the Government Code, and that the board determines would
29 adversely affect the administration of the system.

30 (i) Provided that this is not inconsistent with anything in this
31 chapter, this chapter does not prohibit the authority from
32 determining the number of employees, the number of full-time
33 equivalent positions, job descriptions, the nature and extent of
34 classified employment positions, and salaries of employees.

35 SEC. 5. Section 101855 of the Health and Safety Code is
36 amended to read:

37 101855. (a) Subject to any terms, conditions, and limitations
38 as may be imposed by the enabling ordinance, the authority, in
39 addition to any other powers granted pursuant to this chapter, shall
40 have the following powers:

1 (1) To have the duties, privileges, immunities, rights, liabilities,
2 and limitations of a local unit of government within the state.

3 (2) To have perpetual existence, subject to Article 5
4 (commencing with Section 101856).

5 (3) To adopt, have, and use a seal, and to alter it at its pleasure.

6 (4) To sue and be sued in the name of the authority in all actions
7 and proceedings in all courts and tribunals of competent
8 jurisdiction.

9 (5) To purchase, lease, trade, exchange, or otherwise acquire,
10 maintain, hold, improve, mortgage, lease, sell, and dispose of real
11 and personal property of any kind necessary or convenient to
12 perform its functions and fully exercise its powers.

13 (6) To appoint and employ or otherwise engage a chief executive
14 officer and other officers and employees that may be necessary or
15 appropriate, including legal counsel, to establish their
16 compensation, provide for their health, retirement, and other
17 employment benefits, and to define the power and duties of officers
18 and employees.

19 (7) (A) To incur indebtedness and to borrow money and issue
20 bonds evidencing the same, including the authority to issue, from
21 time to time, notes and revenue bonds in principal amounts that
22 the authority determines to be necessary to provide sufficient funds
23 for achieving any of its purposes, including, but not limited to,
24 assumption or refinancing of debt service for capital projects
25 eligible for Medi-Cal supplemental payments pursuant to Section
26 14085.5 of the Welfare and Institutions Code, or any successor or
27 modified Medi-Cal debt service reimbursement program, the
28 payment of principal and interest on notes and bonds of the
29 authority, the establishment of reserves to secure those notes and
30 bonds, and all other expenditures of the authority incident to and
31 necessary or convenient to carry out its purposes and powers.

32 (B) Any notes, bonds, or other securities issued, and the income
33 from them, including any profit from the sale thereof, shall at all
34 times be free from taxation by the state or any agency, political
35 subdivision, or instrumentality of the state.

36 (C) Notwithstanding the provisions of subparagraph (A), for
37 any indebtedness, notes, bonds, or other securities that require
38 voter approval pursuant to state law, the prior approval of the board
39 of supervisors shall be required. Notwithstanding the required prior
40 approval of the board of ~~supervisors~~, *supervisors and except as*

1 *otherwise provided in this chapter*, any indebtedness incurred, or
2 notes, bonds, or other securities issued pursuant to this
3 subparagraph shall be the indebtedness, notes, bonds, or securities
4 of the authority and not of the county, and the credit of the county
5 shall not be pledged or relied upon in any manner in order to incur
6 the indebtedness, or issue the notes, bonds, or other securities,
7 unless the board of supervisors explicitly authorizes the use of the
8 county's credit. The authority shall reimburse the county for all
9 costs associated with the county's consideration of the
10 indebtedness, notes, bonds, or securities, and the authority shall
11 defend, indemnify, and hold harmless the county from any and all
12 liability, costs, or expenses arising from or related to the
13 indebtedness, notes, bonds, or securities.

14 (D) Nothing in this section shall preclude the authority from
15 repayment of its debts or other liabilities, using funds that are not
16 otherwise encumbered.

17 (8) To pursue its own credit rating.

18 (9) To enter into one or more contracts or agreements consistent
19 with this chapter and other applicable laws of this state, including,
20 but not limited to, contracting with any public or private entity or
21 person for management or other services and personnel, and to
22 authorize the chief executive officer to enter into contracts, execute
23 all instruments, and do all things necessary or convenient in the
24 exercise of the powers granted in this chapter.

25 (10) To purchase supplies, equipment, materials, property, and
26 services.

27 (11) To establish policies relating to its purposes.

28 (12) To acquire or contract to acquire, rights-of-way, easements,
29 privileges, and property, and to construct, equip, maintain, and
30 operate any and all works or improvements wherever located that
31 are necessary, convenient, or proper to carry out any of the
32 provisions, objects, or purposes of this chapter, and to complete,
33 extend, add to, repair, or otherwise improve any works or
34 improvements acquired by it.

35 (13) To participate in, contract for, and to accept, gifts, grants,
36 and loans of funds, property, or other aid or finance opportunity
37 in any form from the federal government, the state, a state agency,
38 or other source, or combination thereof, as otherwise would be
39 available to a public, government, or private entity, and to comply,
40 subject to this chapter, with the terms and conditions thereof.

1 (14) If not otherwise required pursuant to the enabling ordinance
2 to deposit its funds in the county treasury, the authority may
3 establish its own treasury, invest surplus money in its own treasury,
4 manage investments, and engage third-party investment managers,
5 in accordance with state law.

6 (15) To arrange for guarantees or insurance of its bonds, notes,
7 or other obligations by the federal or state government or by a
8 private insurer, and to pay the premiums thereof.

9 (16) To engage in managed care contracting, joint ventures,
10 affiliations with other health care facilities, other health care
11 providers and payers, management agreements, or to participate
12 in alliances, purchasing consortia, health insurance pools,
13 accountable care organizations, alternative delivery systems, or
14 other cooperative arrangements, with any public or private entity.

15 (17) To enter into joint powers agreements pursuant to Chapter
16 5 (commencing with Section 6500) of Division 7 of Title 1 of the
17 Government Code. Notwithstanding any other law, the authority
18 may enter into a joint powers agreement as described in Section
19 6523.5 of the Government Code as though that section applied to
20 hospitals and other health care facilities in the County of Kern.

21 (18) To establish nonprofit, for-profit, or other entities necessary
22 to carry out the duties of the authority.

23 (19) To elect to transfer funds to the state and incur certified
24 public expenditures in support of the Medi-Cal program and other
25 programs for which federal financial participation is available.

26 (20) To use a computerized management information system,
27 including an electronic health records system, in connection with
28 its operations, including, without limitation the administration of
29 its facilities.

30 (21) To request that the board of supervisors levy a tax on behalf
31 of the authority. If the board of supervisors approves the proposal
32 to levy the tax, it shall call the election to seek voter approval and
33 place the appropriate measure on the ballot for that election. The
34 proceeds of these taxes shall be tax proceeds of the authority and
35 not of the county. The authority shall reimburse the county for all
36 costs associated with the county's consideration of those taxes,
37 and shall defend, indemnify, and hold harmless the county from
38 any liability, costs, or expenses arising from or related to the
39 imposition of these taxes.

1 (22) Notwithstanding the provisions of this chapter relating to
2 the obligations and liabilities of the authority, or any other law,
3 the authority shall have the same rights, privileges, exemptions,
4 preferences, and authority of a county with respect to owning,
5 operating, and providing coverage and services through hospitals,
6 clinics and other health facilities, health programs, care
7 organizations, physicians and physician practice plans, delivery
8 systems, health care service plans, and other provider types and
9 coverage mechanisms.

10 (23) To engage in other activities that may be in the best interests
11 of the authority and the persons served by the authority, as
12 determined by the board of governors, in order to respond to
13 changes in the health care industry.

14 (b) The authority shall conform to the following requirements:

15 (1) (A) Be a government agency that is a local unit of
16 government separate and apart for all purposes from the county
17 and any other public entity, and shall not be considered to be an
18 agency, division, or department of the county or any other public
19 entity. The authority shall not be governed by or subject to the
20 civil service requirements of the county. Notwithstanding any other
21 law, except as otherwise provided for in the enabling ordinance
22 enacted pursuant to this chapter, and as set forth in Section
23 101853.1 relating to the personnel transition plan, the authority
24 shall not be governed by, or subject to, other policies or operational
25 rules applicable to the county, the medical center prior to its
26 transfer, or any other public entity, including, but not limited to,
27 those relating to personnel and procurement.

28 (B) The board of governors shall adopt written rules, regulations,
29 and procedures with regard to basic human resource functions not
30 inconsistent with memoranda of understanding covering employees
31 represented by employee organizations or the provisions of this
32 chapter. Until the time that the board of governors adopts its own
33 rules, regulations, or procedures with regard to these functions,
34 the existing rules, regulations, and procedures set forth in any
35 memoranda of understanding described in Section 101853.1, and
36 the rules and regulations adopted by the county and described in
37 paragraph (4), shall continue to apply.

38 (2) Be subject to state and federal taxation laws that are
39 applicable to public entities generally.

(3) Except as otherwise specifically provided in this chapter, comply with the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code), the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(4) Be subject to the jurisdiction of the Public Employment Relations Board. Until the authority adopts rules and regulations pursuant to subdivision (a) of Section 3507 of the Government Code, the existing rules adopted by the county and contained in the county's employer-employee relations resolution, as amended, shall apply, modified to account for the creation of the authority, and provided further that the resolution shall not contain any incorporation of the county's civil service rules or county ordinances unless specifically addressed in this chapter.

(5) Carry professional and general liability insurance or programs to the extent sufficient to cover its activities.

(6) Comply with the requirements of Sections 53260 and 53261 of the Government Code.

(7) Maintain financial and accounting records.

(8) Meet all local, state, and federal data reporting requirements.

(c) (1) Subject to any restrictions applicable to public agencies, and subject to any limitations or conditions set forth in the enabling ordinance adopted by the board of supervisors, the authority may borrow money from the county, repay debt it owes to the county, and use the borrowed funds to provide for its operating and capital needs. The county may lend the authority funds and may issue debt instruments, including, without limitation, revenue anticipation notes to obtain funds to provide, by loan or otherwise, amounts necessary for the authority to meet its operating and capital needs.

(2) Notwithstanding paragraph (1), nothing in this chapter shall be construed to limit the borrowing powers the county otherwise has under law for the purposes specified in paragraph (1) or any other purposes.

(d) Open sessions of the authority shall constitute official proceedings authorized by law within the meaning of Section 47 of the Civil Code. The privileges set forth in that section with

1 respect to official proceedings shall apply to open sessions of the
2 authority.

3 (e) (1) Notwithstanding any other law, the board of governors
4 or board of supervisors, as applicable, may order that a meeting
5 held solely for the purpose of discussion or taking action on
6 authority trade secrets, as defined in subdivision (d) of Section
7 3426.1 of the Civil Code, or to consider and take action on matters
8 pertaining to contracts and contract negotiations concerning all
9 matters related to rates of payment for health care services arranged
10 or provided by the authority, shall be held in closed session. Trade
11 secrets for purposes of this chapter shall also include information
12 for which the secrecy of the information is necessary for the
13 authority to initiate a new service, program, marketing strategy,
14 business plan, or technology, or to add a benefit or product, and
15 premature disclosure of the trade secret would create a substantial
16 probability of depriving the authority of a substantial economic
17 benefit or opportunity.

18 (2) The requirements of making a public report of actions taken
19 in closed session and the vote or abstention of every member
20 present may be limited to a brief general description devoid of the
21 information constituting the trade secret or concerning the matters
22 related to rates of payment.

23 (3) Those records of the authority or board of supervisors, as
24 applicable, that reveal the authority's trade secrets are exempt from
25 disclosure pursuant to the California Public Records Act (Chapter
26 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
27 the Government Code), or any similar local law requiring the
28 disclosure of public records. This exemption shall apply for a
29 period of two years after the service, program, marketing strategy,
30 business plan, technology, benefit, or product that is the subject
31 of the trade secret is formally adopted by the governing body of
32 the authority, provided that the service, program, marketing
33 strategy, business plan, technology, benefit, or product continues
34 to be a trade secret. The board of governors or board of supervisors,
35 as applicable, may delete the portion or portions containing trade
36 secrets from any documents that were finally approved in the closed
37 session that are provided to persons who have made the timely or
38 standing request.

1 (4) This chapter shall not prevent the board of governors or
2 board of supervisors, as applicable, from meeting in closed session
3 as otherwise provided by law.

4 (f) Notwithstanding any other law, those records of the authority
5 and of the county that reveal the authority's rates of payment for
6 health care services arranged or provided by the authority or its
7 deliberative processes, strategies, discussions, communications,
8 or any other portion of the negotiations with providers of health
9 care services or Medi-Cal, health care plans, or other payers for
10 rates of payment, shall not be required to be disclosed pursuant to
11 the California Public Records Act (Chapter 3.5 (commencing with
12 Section 6250) of Division 7 of Title 1 of the Government Code),
13 or any similar local law requiring the disclosure of public records.
14 However, three years after a contract or amendment to a contract
15 is fully executed, the portion of the contract or amendment
16 containing the rates of payment shall be open to inspection.

17 (g) The authority shall be a public agency that is a local unit of
18 government for purposes of eligibility with respect to grants and
19 other funding and loan guarantee programs. Contributions to the
20 authority shall be tax deductible to the extent permitted by state
21 and federal law. Nonproprietary income of the authority shall be
22 exempt from state income taxation.

23 (h) Unless otherwise provided by the board of supervisors by
24 way of resolution, the authority is empowered, or the board of
25 supervisors is empowered on behalf of the authority, to apply as
26 a public agency for one or more licenses for the provision of health
27 care or the operation of a health care service plan pursuant to
28 statutes and regulations governing licensing as currently written
29 or subsequently amended.

30 (i) The statutory authority of a board of supervisors to prescribe
31 rules that authorize a county hospital to integrate its services with
32 those of other providers into a system of community service that
33 offers free choice of hospitals to those requiring hospital care, as
34 set forth in Section 14000.2 of the Welfare and Institutions Code,
35 shall apply to the authority and the board of governors.

36 (j) (1) Except as otherwise provided in this chapter, provisions
37 of the Evidence Code, the Government Code, including the Public
38 Records Act (Chapter 3.5 (commencing with Section 6250) of
39 Division 7 of Title 1 of the Government Code), the Civil Code,
40 the Business and Professions Code, and other applicable law

1 pertaining to the confidentiality of peer review activities of peer
2 review bodies shall apply to the peer review activities of the
3 authority, or any peer review body, as defined in paragraph (1) of
4 subdivision (a) of Section 805 of the Business and Professions
5 Code, formed pursuant to the powers granted to the authority. The
6 laws pertaining to the confidentiality of peer review activities shall
7 be together construed as extending, to the extent permitted by law,
8 the maximum degree of protection of confidentiality.

9 (2) Notwithstanding Article 9 (commencing with Section 11120)
10 of Chapter 1 of Part 1 of Division 3 of Title 2 of, and Chapter 9
11 (commencing with Section 54950) of Part 1 of Division 2 of Title
12 5 of, the Government Code, or any other provision of law, any
13 peer review body formed pursuant to the powers granted to the
14 authority, may, at its discretion and without notice to the public,
15 meet in closed session, so long as the purpose of the meeting is
16 the peer review body's discharge of its responsibility to evaluate
17 and improve the quality of care rendered by health facilities and
18 health practitioners. The peer review body and its members shall
19 receive, to the fullest extent, all immunities, privileges, and
20 protections available to those peer review bodies, their individual
21 members, and persons or entities assisting in the peer review
22 process, including those afforded by Section 1157 of the Evidence
23 Code and Section 1370. Peer review proceedings shall constitute
24 an official proceeding authorized by law within the meaning of
25 Section 47 of the Civil Code and those privileges set forth in that
26 section with respect to official proceedings shall apply to peer
27 review proceedings of the authority.

28 (3) Notwithstanding the California Public Records Act (Chapter
29 3.5 (commencing with Section 6250) of Division 7 of Title 1 of
30 the Government Code), or Article 9 (commencing with Section
31 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of, and
32 Chapter 9 (commencing with Section 54950) of Part 1 of Division
33 2 of Title 5 of, the Government Code, or any other provision of
34 state or local law requiring disclosure of public records, those
35 records of a peer review body formed pursuant to the powers
36 granted to the authority, shall not be required to be disclosed. The
37 records and proceedings of the peer review body and its individual
38 members shall receive, to the fullest extent, all immunities,
39 privileges, and protections available to those records and

proceedings, including those afforded by Section 1157 of the Evidence Code and Section 1370 of the Health and Safety Code.

(4) If the authority is required by law or contractual obligation to submit to the state or federal government peer review information or information relevant to the credentialing of a participating provider, that submission shall not constitute a waiver of confidentiality.

(5) Notwithstanding any other law, Section 1461 shall apply to hearings on reports of hospital medical audit or quality assurance committees.

(k) Except as expressly provided by other provisions of this section, all exemptions and exclusions from disclosure as public records pursuant to this chapter and the California Public Records Act, including, but not limited to, those pertaining to trade secrets and information withheld in the public interest, shall be fully applicable to the authority, and for the board of supervisors, and all state and local agencies with respect to all writings that the authority is required to prepare, produce, or submit, and which shall not constitute a waiver of exemption from disclosure.

(l) The authority and the county, or any combination thereof, may engage in marketing, advertising, and promotion of the medical and health care services made available to the community by the authority.

(m) (1) The board of supervisors may contract for services or purchase items on behalf of the authority.

(2) Unless otherwise provided for, and subject to the limitations and conditions set forth in the enabling ordinance, the board of governors shall have authority over procurement and contracts for the authority and shall adopt written rules, regulations, and procedures with regard to these functions. The authority's ability to contract for personnel or other services and items it deems necessary, appropriate, or convenient for the conduct of its activities consistent with its purposes shall only be limited by the provisions in this chapter and obligations under the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code).

(3) Contracts by and between the authority and a public agency, and contracts by and between the authority and providers of health care, goods, or services, may be let on a nonbid basis and shall be

1 exempt from Chapter 2 (commencing with Section 10290) of Part
2 2 of Division 2 of the Public Contract Code.

3 (n) The authority may contract with the county for services and
4 personnel upon mutually agreeable terms.

5 (o) Notwithstanding Article 4.7 (commencing with Section
6 1125) of Chapter 1 of Division 4 of Title 1 of the Government
7 Code, related to incompatible activities, Section 1099 of the
8 Government Code, related to incompatible offices, or any other
9 law, a member of the authority's administrative staff shall not be
10 considered to hold an incompatible office or to be engaged in
11 activities inconsistent and incompatible with his or her duties as
12 a result of his or her employment or affiliation with the county or
13 an agency of the county.

14 (p) The board of governors and the officers and employees of
15 the authority are public employees for purposes of Division 3.6
16 (commencing with Section 810) of Title 1 of the Government
17 Code, relating to claims and actions against public entities and
18 public employees, and shall be protected by the immunities
19 applicable to public entities and public employees governed by
20 Part 2 (commencing with Section 814) of Division 3.6 of Title 1
21 of the Government Code, except as provided by other statutes or
22 regulations that apply expressly to the authority.

23 SEC. 6. Section 101855.1 of the Health and Safety Code is
24 amended to read:

25 101855.1. (a) Transfer of control of the medical center, whether
26 or not the transfer includes the surrendering by the county of the
27 existing general acute care hospital license and corresponding
28 application for a change of ownership of the license, shall not
29 affect the eligibility of the county to undertake, and shall authorize
30 the authority, subject to applicable requirements, to do any of the
31 following:

32 (1) With the written consent of the county, participate in and
33 receive allocations pursuant to the California Health Care for
34 Indigents Program pursuant to Chapter 5 (commencing with
35 Section 16940) of Part 4.7 of Division 9 of the Welfare and
36 Institutions Code, or similar programs, as may be identified or
37 earmarked by the county in support of uncompensated services of
38 the type provided by the medical center.

39 (2) With the written consent of the county, participate in and
40 receive allocations of local revenue fund amounts provided

1 pursuant to Chapter 6 (commencing with Section 17600) of Part
2 5 of Division 9 of the Welfare and Institutions Code as may be
3 identified or earmarked by the county in support of health care
4 services of the type provided by the medical center to low-income
5 individuals.

6 (3) Participate in the financing of, as applicable, and receive,
7 Medicaid disproportionate share hospital payments available to a
8 county hospital or designated public hospital, or any other
9 successor or modified payment or funding that is intended to assist
10 hospitals that serve a disproportionate share of low-income patients
11 with special needs. The allocation of Medicaid disproportionate
12 share hospital payments shall be made in consultation with the
13 State Department of Health Care Services and other designated
14 safety net hospitals.

15 (4) Participate in the financing of, as applicable, and receive,
16 Medi-Cal payments and supplemental reimbursements, including,
17 but not limited to, payments made pursuant to Sections 14105.96,
18 14105.965, 14166.4, 14182.15, and 14199.2 of the Welfare and
19 Institutions Code, payments described in paragraph (4) of
20 subdivision (b) of Section 14301.4 of, and Section 14301.5 of, the
21 Welfare and Institutions Code, and payments made available to a
22 county provider or designated public hospital, or governmental
23 entity with which it is affiliated, under any other successor or
24 modified Medicaid payment system.

25 (5) Participate in the financing of, as applicable, and receive,
26 safety net care pool funding, stabilization funding, delivery system
27 reform incentive pool payments, and any other funding available
28 to a county provider or designated public hospital, or governmental
29 entities with which it is affiliated under the Medicaid demonstration
30 project authorized pursuant to Article 5.2 (commencing with
31 Section 14166) and Article 5.4 (commencing with Section 14180)
32 of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions
33 Code, or under any other successor or modified Medicaid
34 demonstration project or Medicaid payment system. The allocation
35 of safety net care pool funds shall be made in consultation with
36 the State Department of Health Care Services and other designated
37 safety net hospitals.

38 (6) Participate in the financing, administration, and provision
39 of services under the Low Income Health Program authorized
40 pursuant to Part 3.6 (commencing with Section 15909) of Division

1 9 of the Welfare and Institutions Code, or under any other successor
2 or modified Medicaid demonstration project or Medicaid payment
3 system if the authority enters into an agreement with the county
4 concerning the provision of services by, and payment for these
5 services to, the county.

6 (7) Participate in and receive direct grant and payment
7 allocations pursuant to Article 5.230 (commencing with Section
8 14169.50) of Chapter 7 of Part 3 of Division 9 of the Welfare and
9 Institutions Code, or under any other successor or modified direct
10 grant and payment systems funded by hospital or other provider
11 fee assessments.

12 (8) Receive Medi-Cal capital supplements pursuant to Section
13 14085.5 of the Welfare and Institutions Code, or any other
14 successor or modified Medi-Cal debt service reimbursement
15 program. Notwithstanding any other law, supplemental payments
16 shall be made to the medical center under those programs for the
17 debt service costs incurred by the county, and, if applicable, by
18 the authority to the extent that debt service responsibility is
19 refinanced, transferred to, or otherwise assumed by, directly or
20 indirectly, the authority.

21 (9) Receive any other funds, or preference in the assignment of
22 health care plan enrollees, that would otherwise be available to a
23 county health plan, provider, or designated public hospital, or
24 governmental entity with which it is affiliated.

25 (b) The transfer of control of the medical center to the authority
26 pursuant to this chapter shall not otherwise disqualify the county
27 or the authority from participating in any of the following:

28 (1) Local, state, and federal funding sources either specific to
29 county or other publicly owned or operated health care service
30 plans, hospitals, or other health care providers, including, but not
31 limited to, ambulatory care clinics, health systems, practices,
32 designated public hospitals, or governmental entities with which
33 they are affiliated, for which there are special provisions specific
34 to those plans, hospitals, ambulatory care clinics, health systems,
35 practices, other health care providers or governmental entities with
36 which they are affiliated.

37 (2) All funding programs in which the county, by itself or on
38 behalf of the medical center had participated prior to the creation
39 of the authority, or would otherwise be qualified to participate in
40 had the authority not been created, and the maintenance, operation,

1 management, control, ownership, or lease of the medical center
2 not been transferred to the authority pursuant to this chapter.

3 *SEC. 7. Section 101856 of the Health and Safety Code is*
4 *amended to read:*

5 101856. (a) The board of supervisors may find and declare
6 that the authority shall cease to exist. In that event, the board of
7 supervisors shall provide for the disposition of the authority's
8 assets, obligations, and liabilities, which may include the transfer
9 to the county of the medical center and other operations, or
10 specified components of the medical center and other operations,
11 through ordinance, resolution, or other action. Alternatively, the
12 board of supervisors may order the board of governors to develop
13 a plan of dissolution providing for the disposition of all of the
14 assets and liabilities of the authority, which shall be subject to
15 approval by the board of supervisors. Absent written agreement,
16 *or as otherwise provided in this chapter*, the county shall not be
17 obligated under any law to assume the authority's obligations or
18 liabilities, or take title to, or custody or control of, the authority's
19 assets.

20 (b) Upon the disposition of the liabilities of the authority and
21 distribution of any remaining assets, as applicable, the board of
22 supervisors shall rescind the ordinance that established the
23 authority, and the authority shall cease to exist. The board of
24 supervisors shall notify the State Department of Health Care
25 Services 30 days prior to the effective date of the dissolution, and
26 include in the notice whether the county intends for either or both,
27 or specified components of, the medical center or other operations
28 to be transferred to the county upon the effective date of dissolution
29 of the authority.