

AMENDED IN SENATE APRIL 28, 1998

**SENATE BILL**

**No. 2004**

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**Introduced by Senator Kelley**

February 20, 1998

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An act to ~~add Section 6523.8 to~~ *repeal Sections 6523.5, 6523.6, 6523.7, and 6523.75 of, and to repeal and add Section 6524 of, the Government Code, relating to joint powers agreement.*

LEGISLATIVE COUNSEL'S DIGEST

SB 2004, as amended, Kelley. Local agency joint powers agreements: hospitals.

Existing law, the Joint Exercise of Powers Act, permits 2 or more public agencies to enter into an agreement to jointly exercise any power common to the contracting parties. Existing law authorizes a private, nonprofit hospital in a county of the 9th, 21st, or 33rd class *and a nonprofit hospital in a county of the 3rd class* to enter into joint powers agreements with a public agency.

This bill would ~~provide~~ *repeal these specific authorizations and establish a general authorization by providing that, notwithstanding the law relating to the joint exercise of powers, a private, nonprofit hospital may enter into joint powers agreements with a public agency.*

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. It is the intent of the Legislature in  
2 enacting this act to do all of the following:

3 (a) Meet the challenges of the evolving health care  
4 market and carry out the essential governmental  
5 function of making health care services available to  
6 Medi-Cal eligible and medically indigent citizens served  
7 by health care districts, counties, and other public  
8 agencies and public corporations.

9 (b) Authorize *private*, nonprofit hospitals and public  
10 hospitals to do all of the following:

11 (1) Engage in joint planning for health care services.

12 (2) Allocate health care services among the different  
13 facilities operated by the hospitals.

14 (3) Engage in joint purchasing, joint development and  
15 ownership of health care delivery, and joint financing  
16 programs.

17 (4) Consolidate or eliminate duplicative  
18 administrative, clinical, and medical services.

19 (5) Engage in joint contracting and negotiations with  
20 health plans.

21 (6) Take other cooperative actions in order to provide  
22 for the health care needs of the citizens they serve.

23 ~~SEC. 2. Section 6523.8 is added to the Government~~  
24 ~~Code, to read:~~

25 ~~6523.8.—~~

26 *SEC. 2. Section 6523.5 of the Government Code is*  
27 *repealed.*

28 ~~6523.5. Notwithstanding any other provision of this~~  
29 ~~chapter, a private, nonprofit hospital in a county of the~~  
30 ~~ninth class may enter into a joint powers agreement with~~  
31 ~~a public agency, as defined in Section 6500.~~

32 *SEC. 3. Section 6523.6 of the Government Code is*  
33 *repealed.*

34 ~~6523.6. (a) Notwithstanding any other provision of~~  
35 ~~this chapter, a private, nonprofit hospital in a county of~~  
36 ~~the 21st class may enter into a joint powers agreement~~  
37 ~~with a public agency, as defined in Section 6500.~~



1 ~~(b) Nonprofit hospitals and public agencies~~  
2 ~~participating in a joint powers agreement entered into~~  
3 ~~pursuant to subdivision (a) shall not reduce or eliminate~~  
4 ~~any emergency services, as a result of that agreement,~~  
5 ~~following the creation of the joint powers authority~~  
6 ~~without a public hearing by the authority. The joint~~  
7 ~~powers authority shall provide public notice of the~~  
8 ~~hearing to the communities served by the authority not~~  
9 ~~less than 14 days prior to the hearing and the notice shall~~  
10 ~~contain a description of the proposed reductions or~~  
11 ~~changes.~~

12 ~~(e) Nothing in this section shall be construed to grant~~  
13 ~~any power to any nonprofit hospital that participates in~~  
14 ~~an agreement authorized under this section to levy any~~  
15 ~~tax or assessment. Nothing in this section shall permit any~~  
16 ~~entity, other than a nonprofit hospital corporation or a~~  
17 ~~public agency, to participate as a party to an agreement~~  
18 ~~authorized under this section.~~

19 *SEC. 4. Section 6523.7 of the Government Code is*  
20 *repealed.*

21 ~~6523.7. (a) Notwithstanding any other provision of~~  
22 ~~this chapter, a private, nonprofit hospital in a county of~~  
23 ~~the 33rd class may enter into a joint powers agreement~~  
24 ~~with a public agency, as defined in Section 6500.~~

25 ~~(b) Nonprofit hospitals and public agencies~~  
26 ~~participating in a joint powers agreement entered into~~  
27 ~~pursuant to subdivision (a) shall not reduce or eliminate~~  
28 ~~any emergency services, as a result of that agreement,~~  
29 ~~following the creation of the joint powers authority~~  
30 ~~without a public hearing by the authority. The joint~~  
31 ~~powers authority shall provide public notice of the~~  
32 ~~hearing to the communities served by the authority not~~  
33 ~~less than 14 days prior to the hearing and the notice shall~~  
34 ~~contain a description of the proposed reductions or~~  
35 ~~changes.~~

36 ~~(e) Nothing in this section shall be construed to grant~~  
37 ~~any power to any nonprofit hospital that participates in~~  
38 ~~an agreement authorized under this section to levy any~~  
39 ~~tax or assessment. Nothing in this section shall permit any~~  
40 ~~entity, other than a nonprofit hospital corporation or a~~



1 ~~public agency, to participate as a party to an agreement~~  
2 ~~authorized under this section.~~

3 *SEC. 5. Section 6523.75 of the Government Code is*  
4 *repealed.*

5 ~~6523.75. (a) Notwithstanding any other provision of~~  
6 ~~this chapter, a nonprofit hospital in a county of the third~~  
7 ~~class may enter into a joint powers agreement with any~~  
8 ~~public agency, as defined in Section 6500.~~

9 ~~(b) Nonprofit hospitals and public agencies~~  
10 ~~participating in a joint powers agreement entered into~~  
11 ~~pursuant to subdivision (a) shall not reduce or eliminate~~  
12 ~~any emergency services, as a result of that agreement,~~  
13 ~~following the creation of the joint powers authority~~  
14 ~~without a public hearing by the authority.~~

15 ~~(c) The joint powers authority shall provide public~~  
16 ~~notice of the hearing to the communities served by the~~  
17 ~~authority not less than 14 days prior to the hearing and the~~  
18 ~~notice shall contain a description of the proposed~~  
19 ~~reductions or changes.~~

20 ~~(d) Nothing in this section shall be construed to grant~~  
21 ~~any power to any nonprofit hospital that participates in~~  
22 ~~an agreement authorized under this section to levy any~~  
23 ~~tax or assessment. Nothing in this section shall permit any~~  
24 ~~entity, other than a nonprofit hospital corporation or a~~  
25 ~~public agency, to participate as a party to an agreement~~  
26 ~~authorized under this section.~~

27 *SEC. 6. Section 6524 of the Government Code is*  
28 *repealed.*

29 ~~6524. Notwithstanding any other provision of this~~  
30 ~~chapter, a private, nonprofit children's hospital in a~~  
31 ~~county of the third class may enter into a joint powers~~  
32 ~~agreement with any public agency, as defined in Section~~  
33 ~~6500.~~

34 *SEC. 7. Section 6524 is added to the Government*  
35 *Code, to read:*

36 *6524. Notwithstanding any other provision of this*  
37 *chapter, a private, nonprofit hospital may enter into a*



1 joint powers agreement with any public agency, as  
2 defined in Section 6500.

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