

AMENDED IN ASSEMBLY JULY 9, 1998  
AMENDED IN ASSEMBLY JUNE 24, 1998  
AMENDED IN SENATE MAY 12, 1998  
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 repeal Sections 6523.5, 6523.6, 6523.7, and 6523.75 of, and to repeal and add Section 6524 of, the Government Code to add Section 6527 to 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 exercise jointly 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 ~~repeal these specific authorizations and establish a general authorization by providing~~ *provide* 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. However, the bill~~

~~would prohibit private, nonprofit hospitals and public agencies participating in a joint powers agreement entered into under this provision from reducing or eliminating any emergency services, as a result of that agreement, following the creation of the joint powers authority. The bill would require the joint powers authority to provide public notice of the hearing, as prescribed, to the communities served by the authority~~ *a nonprofit corporation which provides health care services may participate in a joint powers agreement for the purposes of pooling self-insurance claims or losses only after the public agency members or public agency representatives on the governing body of the joint powers entity make a specified finding about the agreement at a public meeting.*

The bill would specify that these provisions shall not be construed either (1) to grant any power to any private, nonprofit hospital that participates in an agreement to levy any tax or assessment, or to permit any entity, other than a private, nonprofit hospital corporation or a public agency, to participate as a party to an agreement authorized under these provisions, or (2) to permit an agency or entity created pursuant to a joint powers agreement entered into pursuant to these provisions to act in a manner inconsistent with the laws that apply to public agencies. ~~The bill would further require a public agency, prior to approval of its participation in a joint powers agreement, to make specified findings about the agreement at a public hearing and~~ *This bill would also require a public agency to hold a public meeting prior to the dissolution or termination of any enterprise authorized pursuant to the bill.*

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~~ *meet* the challenges of the evolving health
- 4 care 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



1 by health care districts, counties, and other public  
2 agencies and public corporations.

3 ~~(b) Authorize private, nonprofit hospitals and public  
4 hospitals to do all of the following:~~

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

6 ~~(2) Allocate health care services among the different  
7 facilities operated by the hospitals.~~

8 ~~(3) Engage in joint purchasing, joint development and  
9 ownership of health care delivery, and joint financing  
10 programs.~~

11 ~~(4) Consolidate or eliminate duplicative  
12 administrative, clinical, and medical services.~~

13 ~~(5) Engage in joint contracting and negotiations with  
14 health plans.~~

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

17 ~~SEC. 2. Section 6523.5 of the Government Code is  
18 repealed.~~

19 ~~SEC. 3. Section 6523.6 of the Government Code is  
20 repealed.~~

21 ~~SEC. 4. Section 6523.7 of the Government Code is  
22 repealed.~~

23 ~~SEC. 5. Section 6523.75 of the Government Code is  
24 repealed.~~

25 ~~SEC. 6. Section 6524 of the Government Code is  
26 repealed.~~

27 ~~SEC. 7. Section 6524 is added to the Government  
28 Code, to read:~~

29 ~~6524. (a) Notwithstanding any other provision of this  
30 chapter, a private, nonprofit hospital may enter into a  
31 joint powers agreement with any public agency, as  
32 defined in Section 6500.~~

33 ~~(b) Private, nonprofit hospitals and public agencies  
34 participating in a joint powers agreement entered into  
35 pursuant to this section shall not reduce or eliminate any  
36 emergency services, as a result of that agreement,  
37 following the creation of the joint powers authority  
38 without a public hearing by the authority. The joint  
39 powers authority shall provide public notice of the  
40 hearing to the communities served by the authority not~~



1 ~~less than 14 days prior to the hearing and the notice shall~~  
2 ~~contain a description of the proposed reductions or~~  
3 ~~changes.~~

4 ~~(e)~~

5 *SEC. 2. Section 6527 is added to the Government*  
6 *Code, to read:*

7 *6527. (a) Notwithstanding any other provision of this*  
8 *chapter, where two or more health care districts have*  
9 *joined together to pool their self-insurance claims or*  
10 *losses, a nonprofit corporation which provides health care*  
11 *services that may be carried out by a health care district*  
12 *may participate in the pool, provided that its*  
13 *participation in an existing joint powers agreement, as*  
14 *authorized by this section, shall be permitted only after*  
15 *the public agency members, or public agency*  
16 *representatives on the governing body of the joint*  
17 *powers entity make a finding, at a public meeting, that*  
18 *the agreement provides both of the following:*

19 *(1) The primary activities conducted under the joint*  
20 *powers agreement will be substantially related to and in*  
21 *furtherance of the governmental purposes of the public*  
22 *agency.*

23 *(2) The public agency participants will maintain*  
24 *control over the activities conducted under the joint*  
25 *powers agreement through public agency control over*  
26 *governance, management, or ownership of the joint*  
27 *powers authority.*

28 *(b) The participation of a nonprofit corporation in an*  
29 *agreement established under this section shall make the*  
30 *finding required by subdivision (a) at a public meeting.*

31 *(c) A public meeting shall be held prior to the*  
32 *dissolution or termination of any enterprise operating*  
33 *under this section to consider the disposition, division, or*  
34 *distribution of any property acquired as a result of*  
35 *exercise of the joint exercise of powers.*

36 *(d) Nothing in this section shall be construed to relieve*  
37 *a public benefit corporation that is a health facility from*  
38 *charitable trust obligations, or to exempt such a public*  
39 *benefit corporation from existing law governing joint*



1 ventures, or the sale, transfer, lease, exchange, option,  
2 conveyance, or other disposition of assets.

3 (e) Nothing in this section shall be construed to grant  
4 any power to any private, nonprofit hospital that  
5 participates in an agreement authorized under this  
6 section to levy any tax or assessment. Nothing in this  
7 section shall permit any entity, other than a private,  
8 nonprofit hospital corporation or a public agency, to  
9 participate as a party to an agreement authorized under  
10 this section.

11 ~~(d)~~

12 (f) Nothing in this section shall be construed to permit  
13 an agency or entity created pursuant to a joint powers  
14 agreement entered into pursuant to this section to act in  
15 a manner inconsistent with the laws that apply to public  
16 agencies, including, but not limited to, the California  
17 Public Records Act (Chapter 3.5 (commencing with  
18 Section 6250)), the Ralph M. Brown Act (Chapter 9  
19 (commencing with Section 54950) of Part 1 of Division 2  
20 of Title 5), and the Political Reform Act of 1974 (Title 9  
21 (commencing with Section 81000)).

22 ~~(e) Prior to the approval of its participation in a joint  
23 powers agreement established under this section, a public  
24 agency shall make a finding at a public meeting that the  
25 agreement provides both of the following:~~

26 ~~(1) The primary activities conducted under the joint  
27 powers agreement will be substantially related to and in  
28 furtherance of the governmental purposes of the public  
29 agency.~~

30 ~~(2) The public agency participants will maintain  
31 control over the activities conducted under the joint  
32 powers agreement through public agency control over  
33 governance, management, or ownership of the joint  
34 powers entity.~~

35 ~~(f) The participation of a nonprofit corporation in an  
36 existing joint powers agreement, as authorized by this  
37 section, shall be permitted only after the public agency  
38 members, or public agency representatives on the  
39 governing body of the joint powers entity, make the  
40 findings required by subdivision (e) at a public meeting.~~



1     ~~(g) A public meeting shall be held prior to the~~  
2     ~~dissolution or termination of any enterprise operating~~  
3     ~~under this section to consider the disposition, division, or~~  
4     ~~distribution of any property acquired as a result of the~~  
5     ~~joint exercise of powers.~~

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