

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 17, 2008
POSITION: Oppose
SPONSOR: Service Employee International Union

BILL NUMBER: AB 2942
AUTHOR: F. Ma

BILL SUMMARY

This bill would do the following:

- Require private and public hospitals to provide community benefits to the communities.
- Authorize for-profit hospitals to provide community benefits to the community.
- Require private hospitals to complete a community needs assessment by January 1, 2010, and to develop a community benefits plan by April 1, 2010.
- Require for-profit hospitals, if they provide community benefit, and public hospitals, to complete a community needs assessment by January 1, 2011, and to develop a community benefits plan by April 1, 2011.
- Require each for-profit hospital, regardless of whether it chooses to offer community benefits, to report to the Office of Statewide Health Planning and Development (OSHPD) the amount of taxes it has paid every two years.
- Require the OSHPD to develop a standardized format and methodology to be followed by hospitals in calculating and presenting community benefits information as specified.
- Allow OSHPD to levy a civil penalty of \$100 per day against any facility that fails to comply with this bill's requirements.

FISCAL SUMMARY

This bill would result in Health Data and Planning Fund costs of \$433,000 and 1.0 permanent position in 2009-10, \$2.2 million and 6.9 permanent positions in 2010-11, \$1.6 million in 2011-12, \$1.4 million in 2012-13, and \$1.2 million annually thereafter for OSHPD to complete the required duties. The Health Data and Planning Fund is expected to have sufficient fund balances to absorb these costs.

In addition, this bill would result in potentially significant costs to the state and California's hospitals due to the following factors:

- This bill would add additional data collection and reporting requirements specific to community benefits. Because the data collection and reporting systems used by hospitals vary greatly, the potential staffing and information technology costs associated with reprogramming of systems is difficult to ascertain.
- It is likely that increased costs to the University of California health system would create General Fund pressures and potentially reduce funding dedicated to other services.

COMMENTS

Finance is opposed to this bill because it would likely result in significant additional costs to the hospital community relative to additional data collection and reporting requirements, and result in increased costs to the University of California health care system.

Existing law requires non-profit acute care hospitals, as part of their tax-exempt status, to complete a community needs assessment, to annually adopt a benefits plan for providing community benefits, and to submit an annual community benefit plan to the OSHPD. The non-profit hospitals currently account for approximately 70 percent of the total hospitals. While non-profit hospitals are required to file a community benefits report with the OSHPD, there is no clear definition of community benefits, thus making it difficult to compare hospitals or to determine the real value of a hospital's community benefits. While this bill attempts to resolve these data integrity problems, it also places additional data collection and reporting requirements on

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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
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hospitals not currently required to provide community benefits data. It is likely there would be significant information technology costs associated with this bill given the hospitals would be required to either develop new, or modify existing, data collection systems to meet the new reporting requirements.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
4140/Stwd Hth Pln	SO	No		--	C	\$433	C	\$2,200	0143
6450/UC	SO	No		----- See Fiscal Summary -----					0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0143	Health Data & Planning Fund, CA								