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HEALTH AND SAFETY CODE - HSC

DIVISION 107. HEALTH CARE ACCESS AND INFORMATION [127000 - 130079] (*Heading of Division 107 amended by Stats. 2021, Ch. 143, Sec. 28.*)

PART 2. HEALTH POLICY AND PLANNING [127280 - 127697] (*Part 2 added by Stats. 1995, Ch. 415, Sec. 9.*)

CHAPTER 2. Health Policy Research and Evaluation [127340 - 127376] (*Chapter 2 heading added by Stats. 1995, Ch. 415, Sec. 9.*)

ARTICLE 2. Hospitals: Community Benefits [127340 - 127360] (*Article 2 added by Stats. 1996, Ch. 1023, Sec. 353.*)

127340. The Legislature finds and declares all of the following:

(a) Private not-for-profit hospitals meet certain needs of their communities through the provision of essential health care and other services. Public recognition of their unique status has led to favorable tax treatment by the government. In exchange, nonprofit hospitals assume a social obligation to provide community benefits in the public interest.

(b) Hospitals and the environment in which they operate have undergone dramatic changes. The pace of change will accelerate in response to health care reform. In light of this, significant public benefit would be derived if private not-for-profit hospitals reviewed and reaffirmed periodically their commitment to assist in meeting their communities' health care needs by identifying and documenting benefits provided to the communities which they serve.

(c) California's private not-for-profit hospitals provide a wide range of benefits to their communities in addition to those reflected in the financial data reported to the state.

(d) Unreported community benefits that are often provided but not otherwise reported include, but are not limited to, all of the following:

(1) Community-oriented wellness and health promotion.

(2) Prevention services, including, but not limited to, health screening, immunizations, school examinations, and disease counseling and education.

(3) Adult day care.

(4) Child care.

(5) Medical research.

(6) Medical education.

(7) Nursing and other professional training.

(8) Home-delivered meals to the homebound.

(9) Sponsorship of free food, shelter, and clothing to the homeless.

(10) Outreach clinics in socioeconomically depressed areas.

(e) Direct provision of goods and services, as well as preventive programs, should be emphasized by hospitals in the development of community benefit plans.

(*Added by Stats. 1996, Ch. 1023, Sec. 353. Effective September 29, 1996.*)

127345. As used in this article, the following terms have the following meanings:

(a) "Charity care" means free health services provided without expectation of payment to persons who meet the organization's criteria for financial assistance and are unable to pay for all or a portion of the services. Charity care shall be reported at cost, as reported to the Department of Health Care Access and Information. Charity care does not include bad debt defined as uncollectible charges that the organization recorded as revenue but wrote off due to a patient's failure to pay.

(b) "Community benefits plan" means the written document prepared for annual submission to the Department of Health Care Access and Information that shall include, but shall not be limited to, a description of the activities that the hospital has undertaken in order to address identified community needs within its mission and financial capacity, and the process by which the hospital developed the plan in consultation with the community.

(c) "Community" means the service areas or patient populations for which the hospital provides health care services.

(d) (1) Solely for the planning and reporting purposes of this article, "community benefit" means a hospital's activities that are intended to address community needs and priorities primarily through disease prevention and improvement of health status, including, but not limited to, any of the following:

(A) Health care services, rendered to vulnerable populations, including, but not limited to, charity care and the unreimbursed cost of providing services to the uninsured, underinsured, and those eligible for Medi-Cal, Medicare, California Children's Services Program, or county indigent programs.

(B) The unreimbursed cost of services included in subdivision (d) of Section 127340.

(C) Financial or in-kind support of public health programs.

(D) Donation of funds, property, or other resources that contribute to a community priority.

(E) Health care cost containment.

(F) Enhancement of access to health care or related services that contribute to a healthier community.

(G) Services offered without regard to financial return because they meet a community need in the service area of the hospital, and other services including health promotion, health education, prevention, and social services.

(H) Food, shelter, clothing, education, transportation, and other goods or services that help maintain a person's health.

(2) "Community benefit" does not mean activities or programs that are provided primarily for marketing purposes or are more beneficial to the organization than to the community.

(e) "Community needs assessment" means the process by which the hospital identifies, for its primary service area as determined by the hospital, unmet community needs.

(f) "Community needs" means those requisites for improvement or maintenance of health status in the community.

(g) "Hospital" means a private not-for-profit acute hospital licensed under subdivision (a), (b), or (f) of Section 1250 and is owned by a corporation that has been determined to be exempt from taxation under the United States Internal Revenue Code. "Hospital" does not mean any of the following:

(1) Hospitals that are dedicated to serving children and that do not receive direct payment for services to any patient.

(2) Small and rural hospitals as defined in Section 124840, unless the hospital is part of a hospital system.

(3) A district hospital organized and governed pursuant to the Local Health Care District Law (Division 23 (commencing with Section 32000)) or a nonprofit corporation that is affiliated with the health care district hospital owner by means of the district's status as the nonprofit corporation's sole corporate member pursuant to subparagraph (B) of paragraph (1) of subdivision (h) of Section 14169.31 of the Welfare and Institutions Code.

(h) "Mission statement" means a hospital's primary objectives for operation as adopted by its governing body.

(i) "Vulnerable populations" means any population that is exposed to medical or financial risk by virtue of being uninsured, underinsured, or eligible for Medi-Cal, Medicare, California Children's Services Program, or county indigent programs. "Vulnerable populations" also includes both of the following:

(1) Racial and ethnic groups experiencing disparate health outcomes, including Black/African American, American Indian, Alaska Native, Asian Indian, Cambodian, Chinese, Filipino, Hmong, Japanese, Korean, Laotian, Vietnamese, Native Hawaiian,

Guamanian or Chamorro, Samoan, or other nonwhite racial groups, as well as individuals of Hispanic/Latino origin, including Mexicans, Mexican Americans, Chicanos, Salvadorans, Guatemalans, Cubans, and Puerto Ricans.

(2) Socially disadvantaged groups, including all of the following:

(A) The unhoused.

(B) Communities with inadequate access to clean air and safe drinking water, as defined by an environmental California Healthy Places Index score of 50 percent or lower.

(C) People with disabilities.

(D) People identifying as lesbian, gay, bisexual, transgender, or queer.

(E) Individuals with limited English proficiency.

(Amended by Stats. 2021, Ch. 751, Sec. 1. (AB 1204) Effective January 1, 2022.)

127346. (a) The Department of Healthcare Access and Information may impose a fine not to exceed five thousand dollars (\$5,000) on hospitals for failure to adopt, update, or submit community benefit plans consistent with Section 127350.

(b) The department may grant a hospital an automatic 60-day extension for submitting annual community benefit plans.

(c) The department shall annually prepare, and post on its internet website, a report that includes all of the following:

(1) The amount each hospital spent on community benefits.

(2) The amount of community benefit spending attributable to charity care, the unpaid cost of government-sponsored health care programs, and community benefit programs and activities.

(3) A list of all hospitals that failed to report community benefits spending.

(d) The department shall make all community benefit plans submitted by hospitals pursuant to Section 127350 available to the public on its internet website.

(Amended by Stats. 2021, Ch. 143, Sec. 80. (AB 133) Effective July 27, 2021.)

127350. Each hospital shall do all of the following:

(a) By July 1, 1995, reaffirm its mission statement that requires its policies integrate and reflect the public interest in meeting its responsibilities as a not-for-profit organization.

(b) By January 1, 1996, complete, either alone, in conjunction with other health care providers, or through other organizational arrangements, a community needs assessment evaluating the health needs of the community serviced by the hospital, that includes, but is not limited to, a process for consulting with community groups and local government officials in the identification and prioritization of community needs that the hospital can address directly, in collaboration with others, or through other organizational arrangement. The community needs assessment shall be updated at least once every three years.

(c) By April 1, 1996, and annually thereafter adopt and update a community benefits plan for providing community benefits either alone, in conjunction with other health care providers, or through other organizational arrangements.

(d) (1) Annually submit its community benefits plan, including, but not limited to, the activities that the hospital has undertaken in order to address community needs within its mission and financial capacity to the Department of Health Care Access and Information. The hospital shall assign and report the economic value of community benefits provided in furtherance of its plan, and include a description of how needs identified in the assessment are being addressed and which needs are not being addressed, and why. Effective with hospital fiscal years, beginning on or after January 1, 1996, each hospital shall file a copy of the plan with the department not later than 150 days after the hospital's fiscal year ends.

(2) Hospitals under the common control of a single corporation or another entity may file a consolidated report if the report includes each hospital's community benefit financial data and describes the benefits provided to the communities in the hospitals' geographic area. Hospitals on a consolidated license may file a consolidated community benefit plan report if they serve the same geographic area.

(3) Each hospital's community benefit report shall contain an explanation of the methodology used to determine the hospital's costs, written in plain English.

(e) Annually post its community benefits plan on its internet website.

(Amended by Stats. 2021, Ch. 143, Sec. 81. (AB 133) Effective July 27, 2021.)

127355. The hospital shall include all of the following elements in its community benefits plan:

(a) Mechanisms to evaluate the plan's effectiveness including, but not limited to, a method for soliciting the views of the community served by the hospital and identification of community groups and local government officials consulted during the development of the plan.

(b) Measurable objectives to be achieved within specified timeframes.

(c) Community benefits categorized into the following framework:

(1) Medical care services.

(2) Other benefits for vulnerable populations.

(3) Other benefits for the broader community.

(4) Health research, education, and training programs.

(5) Nonquantifiable benefits.

(Added by Stats. 1996, Ch. 1023, Sec. 353. Effective September 29, 1996.)

127360. Nothing in this article shall be used to justify the tax-exempt status of a hospital under state law. Nothing in this article shall preclude the department from requiring hospitals to directly report their charity activities.

(Amended by Stats. 2021, Ch. 143, Sec. 82. (AB 133) Effective July 27, 2021.)