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HEALTH AND SAFETY CODE - HSC

DIVISION 23. HOSPITAL DISTRICTS [32000 - 32499.95] (Division 23 added by Stats. 1945, Ch. 932.)

CHAPTER 5.5. State Loans and Insurance Procurement Assistance [32350 - 32359] (Heading of Chapter 5.5 amended by Stats. 1978, Ch. 470.)

[32350.](#) It is the intent of the Legislature in enacting this article to encourage physicians to practice in rural areas which have insufficient numbers of physicians to provide comprehensive medical care.

(Added by Stats. 1976, Ch. 447.)

[32351.](#) In the event the Chowchilla Memorial Hospital District enters into a joint powers agreement with a hospital district or hospital districts, whereby an independent governmental agency, as provided in Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, is created to investigate, defend, settle and pay, if required, medical injury tort claims against any of the parties to such joint powers agreement in accordance with the authority granted by Sections 990.4 and 990.8 of the Government Code, notwithstanding any provisions of the Insurance Code to the contrary; then, in that event, each hospital district with under 100 beds shall have the right for a period of five years from the effective date of this chapter, but subject to the availability of moneys appropriated therefor, to borrow from the state for the purpose of paying any medical injury tort judgment or settlement which exceeds three hundred thousand dollars (\$300,000) to the extent of such excess.

However, the total amount of funds loaned by the state to all hospital districts, which have entered into the joint powers agreement pursuant to this chapter, shall not exceed one million dollars (\$1,000,000) in the aggregate.

(Added by Stats. 1976, Ch. 447.)

[32352.](#) Loans made pursuant to this article shall be repaid to the state pursuant to a schedule mutually agreed upon by the state department and the hospital district receiving the loan, not exceeding 40 years, and at an interest rate not to exceed the five-year average of the return on the investment of state funds pursuant to Chapter 3 (commencing with Section 16430) of Part 2 of Division 4 of Title 2 of the Government Code. The state department shall grant all loans which qualify under the requirements of this chapter to the extent that funds are available therefor. No application for a loan shall be denied because previous applications have been made except that the state department may procure insurance to cover the losses, if any, in connection with such loans and the cost of such insurance may be charged to the independent agency. The cost charged to such an independent agency for the insurance shall not exceed 5 percent of the total of loan losses.

(Added by Stats. 1976, Ch. 447.)

[32353.](#) The provisions of this section shall apply only to the Chowchilla Memorial Hospital District, and to any other hospital district with a bed capacity of less than 100 beds, which has entered into a joint powers agreement with the Chowchilla Memorial Hospital District. The Chowchilla Memorial Hospital District, or other district specified in this section, shall have the authority to employ physicians in the local community and such physicians, as employees of the district shall be covered for medical injury tort liability by the district.

(Added by Stats. 1976, Ch. 447.)

[32355.](#) As a condition of eligibility for loans under this chapter, any hospital district having a licensed bed capacity of less than 100 beds and which participates in a joint powers agreement described in Section 32351 shall submit the following to the state department within 60 days after the effective date of this chapter:

- (a) A health quality assurance program which assures adequate review of health services rendered;
- (b) Adequate procedures for providing resources for liability coverage, including provisions for the payment of all medical injury tort claims or portions of claims under three hundred thousand dollars (\$300,000), and for investment of funds or resources set aside for

liability reserves; and

(c) Adequate procedures for obtaining legal services in connection with medical injury tort claims filed against the hospital district.

(d) Adequate procedures to repay loans under Government Code and Health and Safety Code sections relating to district hospitals.

(Added by Stats. 1976, Ch. 447.)

32356. Any provisions applicable to the payment of tort claims against a hospital district shall be applicable for the repayment of any loan from the state to a hospital district pursuant to this chapter.

(Added by Stats. 1976, Ch. 447.)

32357. Duplicate copies of any reports prepared pursuant to Article 9 (commencing with Section 53890) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code by the joint powers entity specified in Section 32351 or any party thereto shall be submitted to the state department.

(Added by Stats. 1976, Ch. 447.)

32358. The state department shall prepare and adopt regulations establishing the specific criteria to be used for the approval of a loan application of a district hospital under this chapter to ensure that the hospital district complies with the intent of the Legislature set forth in Section 32350.

Within 120 days after submission of an application by a hospital district for a loan under the provisions of this chapter, the state department shall submit its final recommendation to the Legislature with respect to the approval or disapproval of the loan in order to assist the Legislature in determining whether to appropriate funds for the making of the loan. The state department shall notify the hospital district submitting the application of its tentative decision to recommend approval or disapproval of the loan within 90 days after receiving the application in order to allow the hospital district to present additional data as may be necessary to justify the loan.

(Added by Stats. 1976, Ch. 447.)

32359. The Department of General Services shall, without cost or obligation to the state, assist the Chowchilla Memorial Hospital District, and any other hospital district with a bed capacity of less than 100 beds which has entered into a joint powers agreement with the Chowchilla Memorial Hospital District, in procuring insurance for the purpose of paying medical injury tort judgments or settlements exceeding one million dollars (\$1,000,000) in the aggregate. Any such procurement may, upon request of the hospital district concerned, be made by the Department of General Services on behalf of such hospital district.

(Amended by Stats. 1979, Ch. 373.)