



SB-1143 Acute Care Psychiatric Hospital Loan Fund. (2021-2022)

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Date Published: 09/02/2022 04:00 AM

ENROLLED SEPTEMBER 01, 2022

PASSED IN SENATE AUGUST 30, 2022

PASSED IN ASSEMBLY AUGUST 22, 2022

AMENDED IN ASSEMBLY AUGUST 15, 2022

AMENDED IN ASSEMBLY JUNE 23, 2022

AMENDED IN SENATE MAY 02, 2022

AMENDED IN SENATE APRIL 18, 2022

AMENDED IN SENATE MARCH 16, 2022

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

SENATE BILL

NO. 1143

Introduced by Senator Roth
(Coauthors: Senators Eggman, Newman, Umberg, and Wiener)

February 16, 2022

An act to add Part 6.9 (commencing with Section 1179.500) to Division 1 of the Health and Safety Code, relating to psychiatric hospitals, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1143, Roth. Acute Care Psychiatric Hospital Loan Fund.

The California Health Facilities Financing Authority Act authorizes the California Health Facilities Financing Authority (authority) to, among other things, make loans from the continuously appropriated California Health Facilities Financing Authority Fund to participating health institutions, as defined, for financing or refinancing the acquisition, construction, or remodeling of health facilities.

Under existing law, the board of supervisors of each county may maintain in the county hospital or in any other hospital situated within or without the county, or in any other psychiatric health facility situated within or without the county, suitable facilities and nonhospital or hospital services for the detention, supervision, care, and treatment of persons who have a mental health disorder

or a developmental disability, or who are alleged to be such. Existing law defines "county psychiatric hospital" as a hospital, ward, or facility provided by the county pursuant to certain provisions.

This bill would establish the California Acute Care Psychiatric Hospital Loan Fund and would continuously appropriate moneys in that fund to the authority to provide loans to qualifying county or city and county applicants for the purpose of building or renovating acute care psychiatric hospitals, psychiatric health facilities, or psychiatric units in general acute care hospitals, as defined. The bill would require the authority to develop an application for county or city and county applicants by January 1, 2024. The bill would require initial preliminary applications for projects to be submitted to the authority by April 1, 2024, and would require the authority to approve the project based on specified criteria. The bill would provide for the return of any funds not encumbered by a loan recipient within a specified period and would require a loan recipient to maintain and operate the facility for the life of the loan. The bill would authorize the authority to charge a fee to cover the cost of administering the loan. The bill would also require the authority to provide a report to the Department of Finance and the budget and health committees of the Assembly and Senate by a specified date that would include, among other things, the number of projects that are receiving loans and their geographic distribution. By creating a continuously appropriated fund, the bill would make an appropriation.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Psychiatric beds are an essential infrastructure for meeting the needs of individuals with serious mental health conditions. These beds serve several functions, including enabling safe, stable, and supportive environments for individuals in acute mental health crisis and for those with significant impairment who require ongoing medical monitoring.

(b) Psychiatric bed capacity is severely strained in California and the United States. The present situation may be viewed, in part, as the long tale of an effort to deinstitutionalize psychiatric services throughout the United States during the latter half of the 20th century.

(c) Today, hundreds of Californians in need of psychiatric beds are held in hospital's emergency departments or county jails awaiting openings in inpatient care settings.

(d) According to data compiled by the Department of Health Care Access and Information, California has lost 37 psychiatric facilities from 1999 to 2016, either through the elimination of psychiatric inpatient care, or complete hospital closure. During this same period, California's population grew by 24 percent, or 7,600,000 people.

(e) California is home to over 1,000,000 adults who are afflicted with schizophrenia or bipolar disorder, with over 477,000 going untreated.

(f) According to a recent Rand Study, it is "estimated that California requires 50.5 inpatient psychiatric beds per 100,000 adults: 26.0 per 100,000 at the acute level and 24.6 at the subacute level."

(g) In the rapidly growing and ethnically diverse area of Inland Empire in southern California, the shortage of beds is particularly severe and the Department of Health Care Access and Information's data in 2016 shows there was a need of an additional 2,264 beds.

(h) For example, the County of Riverside currently has 8.3 acute care inpatient psychiatric beds per 100,000. The need for acute psychiatric beds is even greater in the San Joaquin Valley where there are only 6.81 beds per 100,000 people.

SEC. 2. Part 6.9 (commencing with Section 1179.500) is added to Division 1 of the Health and Safety Code, to read:

PART 6.9. ACUTE CARE PSYCHIATRIC HOSPITAL LOAN FUND

1179.500. (a) The California Acute Care Psychiatric Hospital Loan Fund is hereby established in the State Treasury to provide zero-interest loans to qualifying county or city and county applicants for any of the following purposes:

(1) Constructing or renovating acute care psychiatric hospitals, as defined in subdivision (b) of Section 1250.

(2) Constructing or renovating psychiatric health facilities, as defined in subdivision (a) of Section 1250.2.

(3) Renovating or expanding general acute care hospitals, as defined in subdivision (a) of Section 1250, in order to add or expand an inpatient psychiatric unit.

(b) Notwithstanding Section 13340 of the Government Code, all moneys in the fund are hereby continuously appropriated without regard to fiscal years to the California Health Facilities Financing Authority for purposes of this part. All moneys accruing to the

authority pursuant to this part from any source shall be deposited into the fund.

(c) The Treasurer may invest moneys in the fund that are not required for its current needs in eligible securities specified in Section 16430 of the Government Code, and may transfer moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code. Notwithstanding Section 16305.7 of the Government Code, all interest or other increment resulting from the investment or deposit of moneys from the fund shall be deposited in the fund. Moneys in the fund shall not be subject to transfer to any other funds pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund.

1179.501. (a) For purposes of Section 1179.500, the California Health Facilities Financing Authority shall develop an application for county and city and county applicants.

(b) The application shall include requests for relevant information, such as project goals, costs, demonstrated need, timeline for the project, financial feasibility of the project, and other information deemed necessary for evaluation of creditworthiness and public benefit criteria established by the authority pursuant to this chapter. The applications shall be available by January 1, 2024, in accordance with the authority's existing regulations or any necessary amendments, which shall be undertaken as emergency regulations, if necessary.

(c) The initial preliminary applications for projects to be considered pursuant to this chapter shall be submitted to the authority no later than April 1, 2024. The authority may also establish subsequent application periods, as necessary.

(d) Applications may be submitted to the authority by county or city and county applicants as set forth in this chapter pursuant to certain criteria that shall be determined by the authority.

(e) In the event that the authority receives or anticipates receiving more applications than its allocation of moneys can support, the authority shall consider any of the following criteria in the selection of the projects:

(1) The county's or city and county's unmet need for acute care psychiatric hospital infrastructure, with priority given to applicants with greater unmet need.

(2) A local match is available and priority is given to applicants with a local match based on the proposed number of acute psychiatric beds:

(A) For a project with 75 beds or greater, priority shall be given to projects with a 20-percent match.

(B) For a project with 50 beds, priority shall be given to projects with a 30-percent match.

(C) For a project with 25 beds, priority shall be given to projects with a 40-percent match.

(D) For a project with fewer than 25 beds, priority shall be given to projects with a 50-percent match.

(3) Medically underserved regions in the state.

(4) When considered as a whole, the applications approved pursuant to this chapter are fairly representative of various geographical regions, including inland regions of the state.

(f) A loan recipient shall maintain the facility and provide sufficient staff to operate the facility throughout the life of the loan.

(g) Any funds not encumbered by a loan recipient for the purposes of this chapter within 36 months of the issuance of a loan shall be returned to the Acute Care Psychiatric Hospital Loan Fund for use consistent with Section 1179.500. The authority may extend this timeframe to accommodate delays associated with regulatory and economic environments. The authority may cause funds to be reverted to the Acute Care Psychiatric Hospital Loan Fund at any time, if it determines there is diminished demand.

1179.502. (a) The California Health Facilities Financing Authority may adopt, amend, or repeal rules and regulations pursuant to this chapter as emergency regulations. The adoption, amendment, or repeal of these regulations is conclusively presumed to be necessary for the immediate preservation of the public peace, health, safety, or general welfare within the meaning of Section 11346.1 of the Government Code.

(b) A loan made pursuant to this chapter may be subject to a fee set by the authority sufficient to cover, but not exceed the cost of administering the loan.

1179.503. (a) The California Health Facilities Financing Authority shall provide a report to the Department of Finance and the budget committees and health committees of the Assembly and Senate no later than two years after implementation of this

program. The report shall include, but shall not necessarily be limited to, all of the following information:

(1) The number of projects receiving loans and their geographic distribution.

(2) The total dollar amount of loans made.

(3) The dollar amount of the loan provided for each project.

(4) The terms of the loan for each project.

(b) The report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.