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AB-918 Health care district: County of Imperial. (2023-2024)

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Assembly Bill No. 918

CHAPTER 549

An act to add Chapter 11 (commencing with Section 32499.5) to Division 23 of the Health and Safety Code, relating to health care districts, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 08, 2023. Filed with Secretary of State October 08, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 918, Garcia. Health care district: County of Imperial.

Existing law, the Local Health Care District Law, authorizes the organization and incorporation of local health care districts and specifies the powers of those districts, including, among other things, the power to establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.

This bill would form a local health care district in the County of Imperial, designated as the Imperial Valley Healthcare District, that includes all of the County of Imperial. The bill would require the initial board of directors of the Imperial Valley Healthcare District to be appointed from and by specified bodies, including among others, the Imperial County Board of Supervisors, the Pioneers Memorial Healthcare District Board of Directors, and the Heffernan Memorial Healthcare District Board of Directors. The bill would require the initial board of directors to recommend a permanent funding source mechanism to be presented to and approved by voters via ballot measure. The bill would require the initial board of directors to enter negotiations with El Centro Regional Medical Center to decide the terms of the acquisition of the hospital. The bill would require the initial board of directors to finalize the terms of the acquisition by November 5, 2024. The bill would require the City of El Centro to negotiate in good faith with the Imperial Valley Healthcare District. The bill would require the board of directors to hold a minimum of 3 public meetings between the effective date of the bill and January 1, 2025, as specified. The bill would require the board of directors to recommend to the Imperial County Local Agency Formation Commission (LAFCO) dates for the dissolutions of the Pioneers Memorial Healthcare District and Heffernan Memorial Healthcare District and would authorize the board to recommend separate dates for each district's dissolution. The bill would require, by January 1, 2025, the Imperial County LAFCO to dissolve the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District and would transfer the assets, rights, and responsibilities of the dissolved districts to the Imperial Valley Healthcare District. The bill would require, until the dissolution of both of those districts, the Heffernan Memorial Healthcare District to hold a temporary clerical role for the Board of Directors of the Imperial Valley Healthcare District, as specified. The bill would extend the terms of the board members of the districts being dissolved until their respective dissolution date or January 1, 2025, whichever occurs first. Following the appointment of the board of directors, the bill would require the board of directors to adopt a resolution to divide the Imperial Valley Healthcare District into voting districts for the purpose of electing members of the board of directors from and by the electors of those voting districts beginning with the next district election occurring after January 1, 2024. The bill would require the Imperial Valley Healthcare District to annually

report to the Imperial County LAFCO regarding health care service provision in the district in 2024 and 2025, as specified. The bill would require the Imperial County LAFCO to conduct a municipal service review regarding health care service provision in the district by December 31, 2026, and by December 31 every 5 years thereafter. By imposing new duties on the City of El Centro and the County of Imperial, the bill would impose a state-mandated local program.

This bill would state the intent of the Legislature that the Imperial Valley Healthcare District maximize the use of its assets to provide direct health care services to individuals within the district, as specified.

This bill would make legislative findings and declarations as to the purpose of the bill and the necessity of a special statute for the County of Imperial.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would declare that it is to take effect immediately as an urgency statute.

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

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

SECTION 1. The Legislature finds and declares the following:

(a) El Centro Regional Medical Center is a 161-bed hospital located in the Imperial Valley, which is located in southern County of Imperial by the Mexico-California border. El Centro is the largest city in the County of Imperial. El Centro Regional Medical Center is the largest hospital in Imperial County, predominantly serving a significant immigrant population and low-income community.

(b) El Centro Regional Medical Center employs 875 people. The hospital provides a range of quality services, such as cardiopulmonary, laboratory, pediatrics, telemedicine, emergency services, surgical care, mental health, rehabilitation, intensive care, radiology, oncology, hematology, and women's health services. El Centro Regional Medical Center recently had to shut down its maternity ward in order to stay financially afloat.

(c) El Centro Regional Medical Center is 92 percent seismically compliant. It is the only hospital in the County of Imperial that has initiated construction to meet seismic compliance standards.

(d) Eighty-two percent of El Centro Regional Medical Center's patient payer base is Medi-Cal and Medicare. The hospital is in substantial debt, most of which was accrued from seismic retrofitting.

(e) Pioneers Memorial Hospital is a 107-bed hospital located in the Imperial Valley, in southern County of Imperial near the Mexico-California border. The hospital provides important acute care and emergency services in a predominately farmworker, immigrant, Spanish-speaking community where the nearest alternative hospital can be up to an hour away during regularly congested commutes due to proximity to the border.

(f) Pioneers Memorial Hospital employs 750 people. It provides a range of quality medical services, including birthing centers, cardiopulmonary services, pediatrics, intensive care units, neonatal intensive care units, emergency services, laboratory, radiology, respiratory therapy, and surgical care.

(g) Pioneers Memorial Hospital is under the jurisdiction of the Pioneers Memorial Healthcare District, which is facing negative budget deficiencies. The Pioneers Memorial Healthcare District recently had its credit rating downgraded three notches to "B" amid ongoing operational challenges. The hospital is in substantial debt.

(h) Pioneers Memorial Hospital is not seismically compliant. This hospital must be seismically compliant by the year 2030. Engineering reports show that the main hospital building and administrative wing would have to be entirely rebuilt for seismic compliance resulting in extremely escalating costs.

(i) Heffernan Memorial Healthcare District is located in the City of Calexico. Its acute care hospital closed in 1998, leaving the Imperial Valley with only two hospitals.

(j) Rural hospitals have been identified in various reports as hospitals that are most at risk of closing.

(k) There have been two unsuccessful separate attempts to establish a countywide health care district in the Imperial Valley through the local process. The most recent attempt being in 2014.

(l) The closure of any hospital in the County of Imperial burdens the hospitals and healthcare systems in surrounding regions like that of the Counties of San Diego and Riverside. Patients who are not able to receive medical care will have to commute 2.5 hours to cities like San Diego or Riverside.

(m) Both El Centro Regional Medical Center and Pioneers Memorial Hospital have received \$28 million each from the Distressed Hospital Loan Program demonstrating the dire financial situation the only two existing hospitals in the County of Imperial are facing. Funds from this program may be used for the Imperial Valley Healthcare District.

(n) If El Centro Regional Medical Center and Pioneers Memorial Hospital are combined into a single hospital across two campuses under the Imperial Valley Healthcare District, they could qualify as a sole community hospital. As a sole community hospital, both hospitals would likely receive an increase in Medicare reimbursement of several millions of dollars per year.

(o) The establishment of the Imperial Valley Healthcare district will result in multimillions of dollars in savings to the Imperial Valley Healthcare District through the coordination of medical services, combined economies of scale of the prior health care districts, including having a single governing body and hospital administration, clinical integration, unified contracting and supplies management, and an integrated medical system. The Imperial Valley has voiced its support for a countywide integrated health care entity to more efficiently advocate, address, and alleviate the various health care disparities that exist.

(p) It is necessary to permit the formation of the Imperial Valley Healthcare District for the above-described purposes.

SEC. 2. Chapter 11 (commencing with Section 32499.5) is added to Division 23 of the Health and Safety Code, to read:

CHAPTER 11. Imperial Valley Healthcare District

32499.5. (a) A local health care district designated as the Imperial Valley Healthcare District is hereby formed within the County of Imperial. All other provisions of this division shall apply to the Imperial Valley Healthcare District following its formation, except as provided in this chapter.

(b) The territory of the district shall include all of the County of Imperial, including those areas under the jurisdiction of the Pioneers Memorial Healthcare District and the Heffernan Memorial Healthcare District.

(c) Following the formation of the district, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code) governs any change of organization.

(d) As used in this chapter, "district" means the Imperial Valley Healthcare District.

32499.6. (a) (1) The initial board of directors of the district shall be composed of the following members:

(A) One member from and appointed by the Pioneers Memorial Healthcare District Board of Directors.

(B) One member from and appointed by the Heffernan Memorial Healthcare District Board of Directors.

(C) One member from the City of El Centro and appointed by the public health director for the County of Imperial. This member shall be a resident of the City of El Centro, but not a City of El Centro employee, an elected official of the City of El Centro, or an employee or board member or former board member of the El Centro Regional Medical Center.

(D) One member of the public appointed by the Imperial County Board of Supervisors. This member shall be a resident of the unincorporated areas in the areas of Seely or Ocotillo, or a county board supervisor that represents that area.

(E) One tribal member from and appointed by the Quechan tribe. If a member is not appointed by the tribe within the 60-day timeframe, then the county board of supervisors may appoint a member of the public from the Winterhaven area.

(F) One member from the City of Imperial and appointed by the City of Imperial.

(G) One member from the City of Holtville and appointed by the City of Holtville.

(2) With the exception of the Pioneers Memorial Healthcare District and Heffernan Memorial Healthcare District appointments, any member appointed to the initial Imperial Valley Healthcare District Board of Directors cannot be current or former employees of the El Centro Regional Medical Center, the Pioneers Memorial Hospital, or Pioneers Memorial Healthcare District.

(b) The appointing bodies shall have 60 days from the effective date of this chapter to appoint members of the initial board of directors. If a board position is not filled within this timeframe, the Imperial County Board of Supervisors shall appoint the remaining members of the initial board of directors.

(c) (1) The initial board of directors, appointed pursuant to this section, shall create a staggered board of directors by choosing a number of board members to remain on the board following the first district election occurring pursuant to subdivision (a) of Section 32499.7.

(2) The initial board of directors, in collaboration with the Imperial County Local Agency Formation Commission (LAFCO), shall determine the years that the voting districts and associated board positions will be up for election by July 1, 2024.

(3) The initial board of directors shall recommend a permanent funding source mechanism to be presented to and approved by voters via ballot measure. The funding source mechanism shall be placed on the ballot for the March 2024 or November 2024 election. The initial board of directors, in collaboration with the Imperial County LAFCO, shall use the financial feasibility studies conducted by the Imperial County LAFCO and Kaufman Hall to determine the funding source mechanism.

(4) (A) The initial board of directors shall enter negotiations with the El Centro Regional Medical Center to decide the terms of the acquisition of the hospital. Upon reviewing the financial feasibility studies conducted by the Imperial County LAFCO and Kaufman Hall and confirming the financial viability of integrating the El Centro Regional Medical Center into the district, the initial board of directors shall determine the terms of the acquisition of the hospital. If the initial board of directors chooses to acquire the El Centro Regional Medical Center, the hospital shall be acquired with all of its assets and liabilities. All existing hospital licenses and certifications of the Pioneers Memorial Hospital and Healthcare District shall be transferred to the Imperial Valley Healthcare District when applicable in order to avoid a disruption in providing health care services. The initial board of directors shall initiate the process of applying for any licenses and certifications that cannot be transferred to the Imperial Valley Healthcare District within a year of formation. The initial board of directors shall finalize the terms of acquiring the hospital by November 5, 2024. The City of El Centro shall negotiate in good faith with the district, but is not required to sell the hospital to the district or agree to the terms that the initial board of directors finalizes.

(B) The terms of the acquisition shall include the district or any successor entity assuming the duties and obligations of El Centro Regional Medical Center's collective bargaining agreements and retirement plans, at the El Regional Medical Center. This paragraph does not require any successor entity to adopt the collective bargaining agreement and retirement plan across to other facilities owned by the same operator.

(5) (A) The initial board of directors shall recommend to the Imperial County LAFCO a date for the dissolution of the Pioneers Memorial Healthcare District. The dissolution date shall be between July 1, 2024, and January 1, 2025. The initial board of directors may recommend a date that differs from the dissolution date of the Heffernan Memorial Healthcare District.

(B) The initial board of directors shall recommend to the Imperial County LAFCO a date for the dissolution of the Heffernan Memorial Healthcare District. The dissolution date shall be between July 1, 2024, and January 1, 2025. The initial board of directors may recommend a date that differs from the dissolution date of the Pioneers Memorial Healthcare District.

(6) The board of directors shall hold a minimum of three public meetings between the effective date of this chapter and January 1, 2025, as follows:

(A) During the first public meeting, the board of directors shall inform the public of the establishment of the Imperial Valley Healthcare District, the cost savings of having one countywide health care district, and the findings of the financial feasibility studies conducted by the Imperial County LAFCO and Kaufman Hall. The first public meeting shall be held by March 1, 2024.

(B) During the second public meeting, the board of directors shall inform the public of the recommended permanent funding source mechanism for the Imperial Valley Healthcare District.

(C) During the third public meeting, the board of directors shall inform the public about the acquisition of the El Centro Regional Medical Center.

(D) If the board of directors votes to acquire the El Centro Regional Medical Center, the board of directors shall hold a fourth meeting. During this meeting, the board of directors shall disclose the terms of the acquisition to the public and present a financial plan to finance the acquisition and ongoing operations of hospitals in the district.

(E) At each public meeting held pursuant to this paragraph, the board of directors shall allow time for public comment.

(d) (1) Until both the Heffernan Memorial Healthcare District and Pioneers Memorial Healthcare District are dissolved, the Heffernan Memorial Healthcare District shall hold a temporary clerical role to the Board of Directors of the Imperial Valley Healthcare District.

(2) For purposes of this subdivision, Heffernan Memorial Healthcare District's clerical responsibilities shall be limited to:

(A) Providing administrative employees or the financial means to hire administrative employees.

(B) Providing financial resources to complete clerical tasks for board meetings and public meetings. These tasks include:

(i) Creating agendas for public meetings and board meetings.

(ii) Setting meeting locations, dates, and times.

(iii) Upon direction of the Board of Directors of the Imperial Valley Healthcare District and the Imperial County LAFCO, ensuring the transfer of the existing health care districts into the Imperial Valley Healthcare District with minimal interruptions to ongoing health care services.

(C) Providing a venue for the board meetings and public meetings to take place or providing the financial means for a venue.

(D) Providing the financial means to hire legal counsel.

(3) It is the intent of the Legislature that Heffernan Memorial Healthcare District will hold a purely clerical role to the Board of Directors of the Imperial Valley Healthcare District. It is further the intent of the Legislature that Heffernan Memorial Healthcare District will not hold a CEO or CFO role.

(e) The board of directors shall consist of all elected members by the conclusion of the 2028 general election.

(f) A vacancy in a board position shall be filled by the methods prescribed in Section 1780 of the Government Code, and, after the board of directors consists of all elected members, shall be filled by the methods prescribed in Section 32499.7.

(g) (1) The board of directors may establish a nonvoting community advisory committee consisting of at least seven community members of the County of Imperial in the health care industry, including:

(A) A member with an active medical license who is employed by a hospital or clinic in the County of Imperial.

(B) A promotor or promotora.

(C) A health care worker from a federally qualified health center in the County of Imperial.

(D) A member from a health related or environmental justice nonprofit group in the County of Imperial.

(2) The nonvoting advisory board may be dissolved at the discretion of the board of directors.

32499.7. (a) (1) Following appointment, the Board of Directors of the Imperial Valley Healthcare District, notwithstanding Section 32100.1, shall adopt a resolution to divide the district into seven voting districts, number the voting districts consecutively, and elect members of the board of directors by voting district beginning with the next district election occurring after January 1, 2024.

(2) The board of directors shall collaborate with the Imperial County Local Agency Formation Commission to establish the voting districts.

(b) In establishing the voting districts described in subdivision (a), the board of directors shall provide for representation in accordance with demographic, including population, and geographic factors of the entire area of the district. The board of directors shall fix the time and place and give public notice for a hearing on the proposed establishment of the voting districts, at which any elector of the district may present their views and plans in relation to the proposed division, but the board of directors shall not be bound thereby and their decision, in the resolution adopted, shall be final.

(c) The resolution adopted pursuant to subdivision (a) shall declare the voting districts and describe the boundaries of each voting district.

(d) The voting districts described in subdivision (a) and any necessary procedures for implementing the election of the board of directors by voting districts shall be established and implemented on or before July 1, 2024.

(e) The voting districts established pursuant to this section shall be effective for subsequent district elections, commencing with the next district election occurring after January 1, 2024. At the expiration of the terms of office of the members of the board of directors then in office, and thereafter, these members of the board of directors shall be elected by voting districts. One member of the board of directors shall be elected by the electors of each of the voting districts. A person shall not be eligible to hold the office of member of the board of directors unless they have been a resident of the voting district from which they are elected for 30 days next preceding the date of the election. A member of the initial board of directors, appointed pursuant to Section 32499.6, shall not be eligible to become an elected board member of the district for the first round of elections for each respective board seat.

(f) A vacancy upon the board that results in a voting district left unrepresented prior to the expiration of the term of that board position shall be filled by appointment of the remaining members of the board of directors. A member of the board of directors appointed pursuant to this subdivision shall be a resident of the voting district left unrepresented on the board of directors.

32499.8. (a) The district shall make annual reports to the Imperial County Local Agency Formation Commission (LAFCO), by December 31, 2024, and December 31, 2025, regarding health care service provision within the boundaries of the district, using the indices outlined in paragraphs (1) to (6), inclusive, of subdivision (a) of Section 56430 of the Government Code.

(b) By December 31, 2026, and by December 31 every five years thereafter, the Imperial County LAFCO shall conduct a municipal service review regarding health care service provision within the boundaries of the district pursuant to Section 56430 of the Government Code.

32499.9. It is the intent of the Legislature that the Imperial Valley Healthcare District maximize the use of its assets to provide direct health care services to individuals within the district through direct operation of or funding provided to organizations that own or operate hospitals, medical clinics, ambulance services, transportation programs for seniors or persons with disabilities, wellness centers, health education services, promotoras, mental health services, veterans' health services, and other similar services.

32499.95. (a) Upon receipt of the recommendation from the Board of Directors of the Imperial Valley Healthcare District pursuant to paragraph (5) of subdivision (c) of Section 32499.6, the Imperial County Local Agency Formation Commission (LAFCO) shall determine the appropriate dates to dissolve the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District. The Imperial County LAFCO may decide on different dissolution dates for the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District. The Imperial County LAFCO shall dissolve the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District by January 1, 2025.

(b) The Imperial Valley Healthcare District shall be the successor to the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District. Effective on the respective date of their dissolution, all assets, rights, and responsibilities of the Heffernan Memorial Healthcare District and the Pioneers Memorial Healthcare District are transferred to the Imperial Valley Healthcare District. As of the effective date of the dissolution, the Imperial Valley Healthcare District shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of the Heffernan Memorial Healthcare District or Pioneers Memorial Healthcare District. Accounts payable and all other contract obligations shall be transferred to the Imperial Valley Healthcare District.

(c) The terms of the board members of the Pioneers Memorial Healthcare District and the Heffernan Memorial Healthcare District serving as of the effective date of this chapter are extended until January 1, 2025, or until each respective district is dissolved, whichever occurs first.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique community needs in the County of Imperial that would be served by the formation of the Imperial Valley Healthcare District to include all of the County of Imperial to provide health care services for an underserved population that suffers from a higher than average prevalence of preventable disease.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

The imminent financial collapse of the El Centro Regional Medical Center is a serious threat to the public health and safety of the residents of the region, as it is one of two hospitals serving the County of Imperial and the only hospital serving the City of El Centro and surrounding area. One countywide health care district will facilitate the coordination of medical services and provide immediate cost-saving benefits to the Imperial Valley Healthcare District through the combined economies of scale of the prior health care districts, including having a single governing body and hospital administration, a single medical staff, financial and clinical integration, unified contracting and supplies management, and an integrated medical system. In order to allow local officials the opportunity to acquire the El Centro Regional Medical Center to stabilize access to health care and to continue ongoing emergency medical services in one of California's most underserved communities at the earliest time possible, it is necessary that this act take effect immediately.