



Jesse Arreguín
Councilmember, District 4

CONSENT CALENDAR
May 7, 2013

To: Honorable Mayor and Members of the City Council
From: Councilmember Jesse Arreguín
Subject: Assembly Bill 975: Charity Care

RECOMMENDATION

Adopt a Resolution supporting Assembly Bill (AB) 975 authored by Assemblymembers Bob Wieckowski and Rob Bonta. AB 975 would create uniform standards for transparency and accountability on charity care and community benefit for private, non-profit hospitals. Copies of the Resolution to be sent to Governor Jerry Brown, Senate President Pro Tem Darrell Steinberg, Senator Loni Hancock, Assembly Speaker John A. Perez, Assemblymembers Nancy Skinner, Bob Wieckowski, and Rob Bonta.

BACKGROUND

The City of Berkeley is charged with protecting the public health and welfare of its residents, and charity care – medical care provided to those who cannot afford to pay and without expectation of reimbursement – is vital to ensuring that the health needs of all residents are met. In addition to services provided by the Berkeley Department of Public Health and the Alameda County Public Health Department, nonprofit hospitals have an obligation to provide community benefits in the public interest in exchange for favorable tax treatment by the government. It is essential that on an ongoing basis the City of Berkeley evaluate the charity care provided to the community.

A recent report issued by the California State Auditor revealed that there is no statutory standard or methodology requiring nonprofit hospitals to calculate the cost of uncompensated charity care on a uniform basis and analysis of data reported by Alta Bates Summit Medical Center to the California Office of Statewide Health Planning and Development (OSHPD) reveals that charity care provided at the Berkeley campuses of the Alta Bates Summit Medical Center for the two most recent financial years was less than one percent (1%) of operating expenses while net income on average for those years exceeded \$75,000,000.

AB 975 would create uniform standards for transparency and accountability on charity care and community benefit for private, non-profit hospitals. It would also require private hospitals to justify their non-profit exemption if their operating revenues exceed 10 percent of their operating expenses. County hospitals, other public facilities, and small rural hospitals are exempted.

AB 975 is supported by the following:

**California Nurses Association
California Labor Federation
California Alliance for Retired Americans (CARA)
Greenlining Institute
Board of Equalization Member Betty Yee
CA Conference Board of the Amalgamated Transit Union
CA Conference of Machinists
California Domestic Workers Coalition
California Professional Firefighters
California Rural Legal Assistance Foundation
California Tax Reform Association
California Teamsters Public Affairs Council
Consumer Federation of California
Consumer Watchdog
Engineers and Scientists of CA
Health Access California
Professional and Technical Engineers
United Food & Commercial Workers Western States Council
UNITE-HERE, AFL-CIO
Utility Workers Union of America**

FISCAL IMPACTS OF RECOMMENDATION

None.

CONTACT PERSON

Jesse Arreguín, Councilmember, District 4

981-7140

Attachments:

1. Resolution
2. Copy of AB 975

RESOLUTION NO.

SUPPORTING ASSEMBLY BILL 975 WHICH WOULD ESTABLISH STANDARDS FOR TRANSPARENCY AND ACCOUNTABILITY FOR CHARITY CARE BY PRIVATE, NON-PROFIT HOSPITALS

WHEREAS, the City of Berkeley is charged with protecting the public health and welfare of its residents, and charity care – medical care provided to those who cannot afford to pay and without expectation of reimbursement – is vital to ensuring that the health needs of all residents are met; and

WHEREAS, in addition to services provided by the Berkeley Department of Public Health and the Alameda County Public Health Department, nonprofit hospitals have an obligation to provide community benefits in the public interest in exchange for favorable tax treatment by the government; and

WHEREAS, a recent report issued by the California State Auditor revealed that there is no statutory standard or methodology requiring nonprofit hospitals to calculate the cost of uncompensated charity care on a uniform basis; and

WHEREAS, analysis of data reported by Alta Bates Summit Medical Center to the California Office of Statewide Health Planning and Development (OSHPD) reveals that charity care provided at the Berkeley campuses of the Alta Bates Summit Medical Center for the two most recent financial years was less than one percent (1%) of operating expenses while net income on average for those years exceeded \$75,000,000; and

WHEREAS, Assembly Bill 975, authored by Assemblymembers Bob Wieckowski and Rob Bonta, would create uniform standards for transparency and accountability on charity care and community benefit for private, non-profit hospitals. It would also require private hospitals to justify their non-profit exemption if their operating revenues exceed 10 percent of their operating expenses. County hospitals, other public facilities, and small rural hospitals are exempted.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City of Berkeley does hereby support Assembly Bill 975 in order to ensure that the community receives the benefits that justify the non-profit exemption of private hospitals.

BE IT FURTHER RESOLVED that copies of this Resolution be sent to Governor Jerry Brown, Senate President Pro Tem Darrell Steinberg, Senator Loni Hancock, Assembly Speaker John A. Perez, Assemblymembers Nancy Skinner, Bob Wieckowski, and Rob Bonta.