



PROPOSED AMENDMENTS TO AB 918

The Imperial Valley Coalition for Sustainable Healthcare Facilities is committed to the foundational principle that healthcare is a common need for all residents of the Imperial Valley. It requires a unified effort to achieve our shared goal of creating a strong, equitable, and sustainable healthcare system that prepares the Imperial Valley for growth. We support a single Imperial Valley Healthcare District, and we applaud the efforts of Assemblymember Eduardo Garcia and Senator Steve Padilla to establish its framework.

We believe the clear intent of this new law is to put Imperial Valley healthcare back on stable footing. It is also clear that the law has flaws that can be rectified through amendments.

General recommendations

We believe that the safest path is to build on Pioneers Memorial Healthcare's existing district and proven funding model. Creating a district from whole cloth introduces considerable risk.

Regardless, at a minimum, existing districts should not be dissolved unless/until the interim Board has created:

- An adequate voter-approved funding mechanism
- A merger plan for ensuring continuity of care
- The successful transfer of necessary licensing to the new district

While we fully understand the need for urgency, the milestone deadlines specified in the law are not feasible. The interim Board needs time for due diligence to successfully integrate these three complex entities.

For example, analyzing the financial needs of a new district (including the costs of an El Centro Regional Medical Center (ECRMC) acquisition and the considerable costs associated with merging staff, medical services, records, equipment, and systems), determining a sustainable and politically-viable funding source, writing the ballot measure for an early August deadline, and educating the public in time for a November 2024 election seems unlikely.

Most pressingly, the negotiation and acquisition process for ECRMC needs to be clarified, as do contingencies in the event a transaction does not occur.

To address the concerns of employees, we also urge the inclusion of:

- An **Anti-Discrimination Clause**, explicitly prohibiting discrimination against any healthcare provider to include all employees and physicians based on their status as an existing facility or their affiliations.
- A **Safeguard for Workers' Rights**, including provisions to protect the rights and benefits of healthcare workers during any transitions, acquisitions, or dissolutions.

Our recommendations for amendments follow, and we hope they spur further discussion. Once amended, we believe the law will create a stronger healthcare district and will support a much smoother transition. We look forward to working with the community, Assemblymember Garcia, and Senator Padilla to ensure that the people of the Imperial Valley have the safe and reliable healthcare network they deserve.

— The Imperial Valley Coalition for Sustainable Healthcare Facilities

Specific recommendations for amendment

Amended or additional wording in **bold** and deleted wording ~~struck through~~ in all items following.

SECTION 1 (n)

Existing: “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.

Proposed Change: This provision is speculative and not enforceable as written. Delete. Or amend as follows:

“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. **In the event that a merger is not completed in eighteen months from the date of enactment, ECRMC and PMHD will be eligible for full Medicare / Medi-Cal reimbursement without limitation based on distance.**”

SECTION 1 (o)

Existing: “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.”

Proposed Change: This provision is speculative and not enforceable as written. It should be deleted.

SECTION 2

32499.5 (b)

Existing: “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.”

Proposed Change: Amend to include to clarify the area of new district.

“The territory of the district shall include all of the County of Imperial, including areas under the jurisdiction of the PMHD, ~~and~~ the HMHD, **all areas of jurisdiction of ECRMC and City of El Centro, and other areas of the County of Imperial not under the jurisdiction of city owned hospital or special healthcare districts.**”

32499.6 (c) (4) (A)

Existing: “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.”

Proposed Change: Amend to clarify negotiations and acquisition.

“The initial board of directors shall enter negotiations with ECRMC **via the City of El Centro** to decide the terms of acquisition of the hospital. Upon reviewing the financial feasibility studies conducted by the Imperial County LAFCO, ~~and~~ Kaufman Hall, **and other studies as needed** ~~and confirming~~ **to determine** the financial viability of integrating the ECRMC 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 ECRMC, the hospital shall be acquired with all of its assets and liabilities.~~ **After an agreement on acquisition terms**, all existing hospital licenses and certifications of the PMHD, **HMHD, and ECRMC** shall be transferred to the IVHD 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 IVHD 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.~~”

32499.6 (c) (4) (B)

Existing: “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.”

Proposed Change: We request that existing language be deleted.

The first sentence interferes with the initial board of directors’ negotiation processes. Further, the provision implies all bargaining agreements and retirement plans will be “transferred” to IVHD without a vote from the existing PMHD employees and implies a successor (yet to be named) does NOT have to accept the same “transfer.”

32499.6 (c) (5)

Existing:

“(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.”

Proposed Change: Changes proposed to protect continuity of care.

“(A) The initial board of directors shall recommend to the Imperial County LAFCO a date for the dissolution of the Pioneers Memorial Healthcare District **and Heffernan Memorial Healthcare District when it has been determined that there will be no interruption in healthcare delivery. Additionally,** the dissolution date shall **be set only after an adequate voter-approved funding mechanism is established.** ~~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.”~~

32499.9

Existing: “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.”

Proposed Change: We request that mandated funding for specific services be removed since they require allocations prior to establishing solvency and sustainability of the new district and do not provide the board of directors’ appropriate oversight.

“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~~ **contracting with** 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)

Existing: “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.”

Proposed Change: Update to be consistent with 32499.6 (c)(5) changes above.

“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 **when it has been determined that there will be no interruption in healthcare delivery. Additionally, the dissolution date shall be set only after an adequate voter-approved funding mechanism is established.** ~~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.~~”

32499.95 (b)

Existing: “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.”

Proposed Change: We request that the section be deleted or amended to better address the possibility of the acquisition of ECRMC by IVHD.

“The IVHD shall be the successor to the HMHD and the PMHD **and to the ECRMC if acquired**. Effective on the respective date of their dissolution, all assets, rights, and responsibilities of the HMHD and the PMHD are transferred to the IVHD. **Effective on the date of acquisition the ECRMC, all assets, rights, and responsibilities are transferred to the IVHD**. As of the effective date of the dissolution **or acquisition**, the IVHD 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 of use of the HMHD, PMHD, **or ECRMC**. Accounts payable and all other contractual obligations shall be transferred to the IVHD.”

End of Proposed Changes