

ASSEMBLY BILL

No. 787

Introduced by Assembly Member Papan

February 18, 2025

An act to amend Section 127345 of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL’S DIGEST

AB 787, as introduced, Papan. Hospitals: community benefits.

Existing law requires a private not-for-profit acute hospital to annually adopt and update a community benefits plan that describes the activities that the hospital has undertaken to address identified community needs within its mission and financial capacity. Under existing law, “community benefit” includes, among other things, health care services rendered to vulnerable populations, including, but not limited to, charity care and the unreimbursed cost of providing services to the uninsured, underinsured, and persons eligible for specified public health care programs. Existing law requires the hospital to annually submit its community benefits plan to the Department of Health Care Access and Information.

This bill would make technical, nonsubstantive changes to certain definitions for purposes of the above-described provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 127345 of the Health and Safety Code
2 is amended to read:

1 127345. As used in this article, the following terms have the
2 following meanings:

3 (a) “Charity care” means free health services provided without
4 expectation of payment to persons who meet the organization’s
5 criteria for financial assistance and are unable to pay for all or a
6 portion of the services. Charity care shall be reported at cost, as
7 reported to the Department of Health Care Access and Information.
8 Charity care does not include bad—~~debt~~ *debt*, defined as
9 uncollectible charges that the organization recorded as revenue
10 but wrote off due to a patient’s failure to pay.

11 (b) “Community benefits plan” means the written document
12 prepared for annual submission to the Department of Health Care
13 Access and Information that shall include, but shall not be limited
14 to, a description of the activities that the hospital has undertaken
15 in order to address identified community needs within its mission
16 and financial capacity, and the process by which the hospital
17 developed the plan in consultation with the community.

18 (c) “Community” means the service areas or patient populations
19 for which the hospital provides health care services.

20 (d) (1) Solely for the planning and reporting purposes of this
21 article, “community benefit” means a hospital’s activities that are
22 intended to address community needs and priorities primarily
23 through disease prevention and improvement of health status,
24 including, but not limited to, any of the following:

25 (A) Health care services, rendered to vulnerable populations,
26 including, but not limited to, charity care and the unreimbursed
27 cost of providing services to the uninsured, underinsured, and those
28 eligible for Medi-Cal, Medicare, California Children’s Services
29 Program, or county indigent programs.

30 (B) The unreimbursed cost of services included in subdivision
31 (d) of Section 127340.

32 (C) Financial or in-kind support of public health programs.

33 (D) Donation of funds, property, or other resources that
34 contribute to a community priority.

35 (E) Health care cost containment.

36 (F) Enhancement of access to health care or related services
37 that contribute to a healthier community.

38 (G) Services offered without regard to financial return because
39 they meet a community need in the service area of the hospital,

1 and other services including health promotion, health education,
2 prevention, and social services.

3 (H) Food, shelter, clothing, education, transportation, and other
4 goods or services that help *to* maintain a person's health.

5 (2) "Community benefit" does not mean activities or programs
6 that are provided primarily for marketing purposes or are more
7 beneficial to the organization than to the community.

8 (e) "Community needs assessment" means the process by which
9 the hospital identifies, for its primary service area as determined
10 by the hospital, unmet community needs.

11 (f) "Community needs" means those requisites for improvement
12 or maintenance of health status in the community.

13 (g) "Hospital" means a private not-for-profit acute hospital
14 licensed under subdivision (a), (b), or (f) of Section 1250 and is
15 owned by a corporation that has been determined to be exempt
16 from taxation under the United States Internal Revenue Code.
17 "Hospital" does not mean any of the following:

18 (1) Hospitals that are dedicated to serving children and that do
19 not receive direct payment for services to any patient.

20 (2) Small and rural ~~hospitals~~ *hospitals*, as defined in Section
21 124840, unless the hospital is part of a hospital system.

22 (3) A district hospital organized and governed pursuant to the
23 Local Health Care District Law (Division 23 (commencing with
24 Section 32000)) or a nonprofit corporation that is affiliated with
25 the health care district hospital owner by means of the district's
26 status as the nonprofit corporation's sole corporate member
27 pursuant to subparagraph (B) of paragraph (1) of subdivision (h)
28 of Section 14169.31 of the Welfare and Institutions Code.

29 (h) "Mission statement" means a hospital's primary objectives
30 for operation as adopted by its governing body.

31 (i) "Vulnerable populations" means any population that is
32 exposed to medical or financial risk by virtue of being uninsured,
33 underinsured, or eligible for Medi-Cal, Medicare, California
34 Children's Services Program, or county indigent programs.
35 "Vulnerable populations" also includes both of the following:

36 (1) Racial and ethnic groups experiencing disparate health
37 outcomes, including Black/African American, American Indian,
38 Alaska Native, Asian Indian, Cambodian, Chinese, Filipino,
39 Hmong, Japanese, Korean, Laotian, Vietnamese, Native Hawaiian,
40 Guamanian or Chamorro, Samoan, or other nonwhite racial groups,

- 1 as well as individuals of Hispanic/Latino origin, including
2 Mexicans, Mexican Americans, Chicanos, Salvadorans,
3 Guatemalans, Cubans, and Puerto Ricans.
4 (2) Socially disadvantaged groups, including all of the following:
5 (A) The unhoused.
6 (B) Communities with inadequate access to clean air and safe
7 drinking water, as defined by an environmental California Healthy
8 Places Index score of 50 percent or lower.
9 (C) People with disabilities.
10 (D) People identifying as lesbian, gay, bisexual, transgender,
11 or queer.
12 (E) Individuals with limited English proficiency.