

Date of Hearing: May 3, 2017

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1538 (Bonta) – As Amended March 28, 2017

SUBJECT: Alameda Health System Hospital Authority: physician services.

SUMMARY: Makes changes to the statutes which govern conditions in which the Alameda Health System (AHS) can privatize services provided by physicians and surgeons. Specifically, **this bill:**

- 1) Deletes the March 31, 2013, date in existing law by which an AHS employed physician and surgeon must be in a recognized collective bargaining unit by pursuant to existing law which prohibits AHS from privatizing services provided by these specified physicians and surgeons.
- 2) Makes technical and conforming changes.

EXISTING LAW:

- 1) Authorizes the Alameda County Board of Supervisors to establish a hospital authority separate and apart from the county to manage, administer and control the Alameda County Medical Center, now known as the Alameda Health System (AHS).
- 2) Requires AHS to be governed by a board appointed by the Alameda County Board of Supervisors.
- 3) Establishes the following powers for AHS:
 - a) To acquire and possess real or personal property;
 - b) To sue or be sued;
 - c) To employ personnel; and,
 - d) To contract for services required to meet its obligations, as specified.
- 4) Prohibits AHS, before January 1, 2024, from entering into a contract with any other person or entity to replace services being provided by physicians and surgeons who are employed by AHS and in a recognized collective bargaining unit as of March 31, 2013, with services provided by that other person or entity without clear and convincing evidence that the needed medical care can only be delivered cost-effectively by that other person nor entity.
- 5) Requires AHS, prior to entering into a contract for any of those services, to negotiate with the representative of the recognized collective bargaining unit of its physician and surgeon employees over the decision to privatize and, if unable to resolve any dispute through negotiations, to submit the matter to final binding arbitration.
- 6) Establishes requirements for a personnel transition plan, as specified.

- 7) Requires AHS to be bound by the terms of the MOU executed by and between the county and healthcare and management employee organizations in effect, as specified. Provides AHS, upon expiration of the MOU at the time AHS was created, with sole authority to negotiate subsequent MOUs with appropriate employee organizations. Requires that the MOU be approved by AHS.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** Following the passage of AB 2374 (Bates), Chapter 816, Statutes of 1996, the Alameda County Board of Supervisors appointed a board of trustees to separately manage, administer and control the Alameda County Medical Center, now known as AHS. According to AHS, their integrated public health care system employs more than 3,000 people, including 500 physicians throughout Alameda County. In response to concerns over AHS using a physician-hospital organization structure, physicians and surgeons employed by AHS sought legislation to ensure protections and benefits if AHS began contracting out all of the physician positions.

AB 1008 (Buchanan), Chapter 311, Statutes of 2013, prohibits AHS, before January 1, 2024, from privatizing services provided by physicians and surgeons, and establishes eligibility for retirement benefits for employees of a facility that is acquired or merged into AHS. AB 1008 prohibits AHS, before January 1, 2024, from privatizing any work performed by physicians and surgeons employed by AHS and in a recognized collective bargaining unit as of March 31, 2013, without clear and convincing evidence that the needed medical care can only be delivered cost-effectively by another person or entity. Pursuant to AB 1008, existing law requires, before those services are privatized, that AHS must negotiate with the representative of its physician and surgeon employees over the decision to privatize. If any dispute cannot be resolved through negotiations, AHS must submit the matter to final binding arbitration.

- 2) **Bill Summary.** Existing law prohibits AHS, before January 1, 2024, from privatizing any work by physicians and surgeons employed by AHS and in a recognized collective bargaining unit as of March 31, 2013, without clear and convincing evidence that the needed medical care can only be delivered cost-effectively by another person or entity. This bill removes the March 31, 2013, date in existing law to prohibit AHS from privatizing any work, before January 1, 2024, performed by its employed physicians and surgeons that are in a recognized collective bargaining unit. This bill is co-sponsored by the American Federation of State, County and Municipal Employees (AFSCME) and the Union of American Physicians and Dentists.
- 3) **Author's Statement.** According to the author, "AB 1538 clarifies and reaffirms the negotiated rights to arbitration and collective bargaining for UAPD [Union of American Physicians and Dentists] employees at [AHS] and prohibits AHS from privatizing any work performed by UAPD employees regardless of the date those employees were in a recognized collective bargaining unit unless clear and convincing evidence demonstrates that the needed medical care can only be delivered cost-effectively by a private contractor."

- 4) **Prior Legislation.** The Legislature has granted several other counties the ability to create health authorities, including Monterey [AB 276 (Alejo), Chapter 686, Statutes of 2012]; San Luis Obispo [SB 538 (O'Connell), Chapter 899, Statutes of 1999]; and, Santa Barbara and Sonoma (for dental).
- 5) **Arguments in Support.** AFSCME states, "Alameda Health System has begun to contract out services traditionally done by UAPD physicians. This practice is not a prudent use of public resources as every full-time equivalent contract physician costs over \$250,000 more to the public than they did a year ago. AB 1538 prevents further contracting out of public sectors jobs and guarantees that taxpayer dollars are used efficiently and transparently. It is imperative to stand behind legislation that guarantees the quality of health care services delivered to the public and [is] not compromised through the privatization process."
- 6) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:**Support**

Union of American Physicians and Dentists [CO-SPONSOR]

American Federation of State, County, and Municipal Employees (AFSCME) [CO-SPONSOR]

Opposition

None on file

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