



# City of San Leandro

Meeting Date: May 6, 2013

## Resolution - Council

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**File Number:** 13-206

**Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.H.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** City Council

**FINANCE REVIEW:** Not Applicable

**TITLE:** ADOPT: Resolution Supporting Assembly Bill 975 [Wieckowski/Bonta]  
(defines charity care and community benefits for nonprofit hospitals, and standardizes the methodology by which community benefits are calculated)

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**WHEREAS**, Assembly Member Bob Wieckowski and Assembly Member Rob Bonta have introduced AB 975, a bill relating to nonprofit hospitals and the delivery of charity care and community benefits, into the California State Assembly; and

**WHEREAS**, AB 975 only applies to private nonprofit hospitals and multispecialty clinics and exempts public hospitals such as district hospitals, the University of California hospitals, County health systems and facilities operated by the Veterans Administration, and AB 975 does not apply to private for-profit hospitals and specifically exempts small rural hospitals and children's hospitals; and

**WHEREAS**, AB 975 will help ensure that nonprofit hospitals are providing an appropriate level of charity care community benefits in exchange for their tax benefited status; and

**WHEREAS**, this important legislation defines charity care and community benefits, standardizes the methodology by which community benefits are calculated and ensures greater public transparency on how hospitals meet their charity care obligations; and

**WHEREAS**, the State Legislature and the Board of Equalization (BOE) have been examining nonprofit hospitals for several years; and

**WHEREAS**, in 2007 and 2012 audits by the State Auditor found uncompensated care provided by nonprofit and for-profit hospitals were not significantly different regardless of tax status; and

**WHEREAS**, the State Auditor recommended the Legislature amend state law to either define a methodology in state law for calculating the community benefits each hospital delivers or direct OSHPD to develop regulations to assess a penalty to ensure community

benefit plans are submitted; and

**WHEREAS**, AB 975 will address the State Auditor's recommendations and provide more clarity and accountability for nonprofit hospitals and their charity care and community benefits; and

**WHEREAS**, AB 975 will clarify provisions of the Revenue and Taxation Code to expressly provide that a hospital is rebuttably presumed to be organized or operated for profit if, during the immediately preceding fiscal year, its operating revenues exceed its operating expenses by more than 10%; and

**WHEREAS**, AB 975 is supported by a broad coalition of patients, nurses, teachers and school employees, retired workers, and many others.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of San Leandro supports the passage of AB 975.