Monthly Update for March 2016

Executive Directors Report
ACHD just completed another successful Legislative Day program April 4 - 5 in Sacramento. With record attendance of our member Healthcare Districts, there were over 60 meetings with elected Assembly and Senate elected officials and staff, including important members of the Health, Governance and Finance, and Appropriations Committees. ACHD also honored State Senator Dr. Ed Hernandez, Chair of the Senate Committee on Health, as ACHD Legislator of the Year at a gala dinner held at the California Museum. Senator Hernandez is also a member of the Senate Business, Professions and Economic Development Committee, Government and Finance Committee and the Senate Insurance Committee. Senator Hernandez was recognized by ACHD for his efforts in support of the Medicaid Managed Care Tax, expansion of the Nurse Practitioner Scope of Practice, and his effort to change the age of tobacco purchase from 18 to 21.

Chief Executive Officer, Kevin S. Flanigan, M.D, Northern Inyo Hospital and Samuel McCreary, Trustee, John C. Fremont Hospital, testified in support of AB 2024 (Wood), that would enable critical access hospitals to directly hire physicians, and the bill was reported out of committee with no dissent.

Filling three vacant positions, Ramona Faith, CEO, Petaluma Healthcare District, Lee Michelson, CEO, Sequoia Healthcare District and Robert Hemker, CEO, Palomar Healthcare District recently joined the ACHD Board of Directors and were officially welcomed at the April 6th Board of Directors meeting. Please join me in further welcoming Ramona, Lee and Bob to the ACHD Board, as I’m certain they will do a great job representing California’s Healthcare Districts.

Congratulations to Eden Healthcare District upon achieving Certified Healthcare District status in January. The District was recognized publicly at their most recent Board meeting, and this recognition generated favorable local media coverage for the District.

We’re also pleased to report that Pioneers Memorial Healthcare District, Grossmont Healthcare District, Sonoma Valley Healthcare District and Mark Twain Health Care District applications for Certified Healthcare District status have also been submitted to ACHD and are in process toward achieving Certified Healthcare District status.

Several of our Healthcare Districts continue to face LAFCO challenges either through State legislation or through local LAFCO boards. ACHD is supporting these Districts in their efforts to counter any concerns that have been raised.

ACHD has an exciting Annual Meeting being held in Monterey on May 4 - 5, 2016. Both District of the Year and District Trustee of the Year will be recognized at our Annual Meeting, along with an exciting program of speakers on number of timely topics. Annual Meeting is an opportunity to meet and network with Healthcare District Trustees and Executive staff from throughout the state and to discuss issues of mutual interest. We look forward to your attendance and continued support of Healthcare Districts in California and your Association.
ACHD’s “New Messaging” Leave Behind
During ACHD’s Legislative Day on April 4-5, 2016, ACHD premiered our new highly praised Leave Behind. This document outlines the Role of Healthcare Districts through the State and their importance to the healthcare system. It emphasizes the vital need for the healthcare services provided, healthcare districts responsiveness to the local community, as well as the local accountability and effectiveness of Healthcare Districts. ACHD’s Message can be downloaded here. As this important messaging document showcases the role of California Healthcare Districts and the many services Districts provide, please feel free to share ACHD’s Message with your community, staff, and representatives.

Register Now for ACHD’s 64th Annual Meeting!

As the state of healthcare continues to evolve and the pace of change continues to increase, we wonder...how will Healthcare Districts evolve to meet the challenges ahead and continue to serve their communities? ACHD’s Annual Meeting will provide opportunities to hear different perspectives on a wide variety of topics, ranging from effective governance to improving the health status of residents of your community, while providing opportunities for you to share your experiences and views with your Healthcare District colleagues.

Hotel Reservation (Negotiated Rate) Cut-Off Date: Friday, April 8th
Registration Deadline: Friday, April 29th
Click here for a complete schedule of events.
Click here to register for Annual Meeting.
Legislative Update
There is no shortage of activity in Sacramento as the legislative process continues. ACHD is tracking more than a hundred measures of interest to California Healthcare Districts and continues to monitor the 2016-17 state budget. ACHD’s weekly legislative updates provide the most current and comprehensive information about legislation impacting California’s Healthcare Districts.

To view the Legislative Report, click here.

To view the Watch Report, click here.

ACHD Co-sponsors SB 957 (Hueso): Design-build Authority
ACHD is co-sponsoring SB 957 by Senator Ben Hueso, a measure that would authorize California Healthcare Districts to utilize the design-build process for purposes of building health care facilities. We are joined by the State Building and Construction Trades Council as a co-sponsor. As you may recall, the Legislature has previously authorized four California Healthcare Districts to utilize design-build for purposes of building new facilities (Sonoma Valley Healthcare District, Marin Healthcare District, Last Frontier Healthcare District, and Mayers Memorial Hospital District) and other Healthcare Districts are seeking similar authorization, especially as seismic retrofit deadlines loom near. As Healthcare Districts work to adapt to changes in our health care delivery systems, design-build offers an important opportunity to develop hospital and clinic infrastructure to parts of the state that are medically underserved.

We continue to encourage Healthcare Districts to weigh in with their support for SB 957. We are scheduled for a hearing in the Senate Governance and Finance Committee on Wednesday, April 13. For a sample support letter for SB 957, please click here. Please contact Jean Hurst at (email and telephone number) if you have questions or concerns.

Governor Signs Minimum Wage Deal
The Governor, legislative leadership, and labor groups announced agreement to increase California’s minimum wage to $15 per hour by 2022. The landmark agreement was approved by the Legislature and signed by Governor Brown earlier this week, averting the need for two ballot minimum wage ballot measures to appear on the November 2016 ballot. SEIU-State Council has said that they are prepared to pull their initiative from the signature-gathering when the bill is passed. SEIU-UHW, the sponsor of an already-qualified minimum wage measure, has not yet committed to removing their measure from the ballot.

Under the agreement, the minimum wage will rise to $10.50 per hour on January 1, 2017 for businesses with 26 or more employees, and then rises each year until reaching $15 per hour in 2022. The plan provides more time for small business (those with 25 or fewer employees) to implement the increases.

The plan provides safety valves – known as “off-ramps” – to pause wage hikes if negative economic or budgetary conditions emerge. The Governor can act by September 1 of each year to pause the next year’s wage increase for
one year if there is a forecasted budget deficit (of more than one percent of annual revenue) or poor economic conditions (negative job growth and retail sales).

Once the minimum wage reaches $15 per hour for all businesses, wages could then be increased each year up to 3.5 percent (rounded to the nearest 10 cents) for inflation as measured by the national Consumer Price Index.

This plan also phases in sick leave for In-Home Supportive Services (IHSS) workers starting in July 2018. One sick day would be added in 2018, a second day added July 1, 2020 (or the first July following implementation of $13/hour for large businesses), and a third day added July 1, 2022 (or the first July following implementation of $15/hour for large businesses).

Almost 2.2 million of California’s 7 million hourly workers are currently paid minimum wage. Annual income for full time work at minimum wage at $15 per hour would be $31,200. The Federal Poverty Level in 2016 for a family of four is $24,300.

The following chart provides details of the scheduled wage increases, if no increases are paused:

<table>
<thead>
<tr>
<th>Amount</th>
<th>26 or More Employees</th>
<th>25 Employees or Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10.50/hour</td>
<td>1/1/2017</td>
<td>1/1/2018</td>
</tr>
<tr>
<td>$11/hour</td>
<td>1/1/2018</td>
<td>1/1/2019</td>
</tr>
<tr>
<td>$12/hour</td>
<td>1/1/2019</td>
<td>1/1/2020</td>
</tr>
<tr>
<td>$13/hour</td>
<td>1/1/2020</td>
<td>1/1/2021</td>
</tr>
<tr>
<td>$14/hour</td>
<td>1/1/2021</td>
<td>1/1/2022</td>
</tr>
<tr>
<td>$15/hour</td>
<td>1/1/2022</td>
<td>1/1/2023</td>
</tr>
</tbody>
</table>

**Tobacco Legislation**

The Legislature passed the special session tobacco package on March 10 and closed down the Second Extraordinary Session on health care. The package of special session tobacco bills remains in engrossing and enrolling and have not yet arrived at the Governor’s office. The following tobacco package includes the following measures:

- **SBX2 5 (Leno)** will classify e-cigarettes as tobacco products. This will make them subject to smoke-free laws, age restrictions and other rules governing tobacco products.
- **SBX2 7 (Hernandez)** will raise the age to buy tobacco products from 18 to 21.
- **ABX2 7 (Stone)** will close loopholes in the state’s smoke free workplace laws.
- **ABX2 9 (Thurmond and Nazarian)** will require all schools to be tobacco free.
- **ABX2 10 (Bloom)** will allow county boards of supervisors to put tobacco taxes up for local votes.
- **ABX2 11 (Nazarian)** will establish a tobacco licensing fee program under the state Board of Equalization.

The tobacco industry has threatened to run a ballot referendum against the tobacco legislation and raise the cost of signature gathering ($10 per signature) to qualify measures for the November 2016 ballot. Measures currently in the signature gathering process could be impacted, including the Governor’s public safety ballot measure, the Proposition 30 tax extension, and the statewide tobacco tax. The time a bill spends in enrolling and engrossing varies widely – from a few days to several weeks. Once the Governor receives the measures, he will have 12 days to act on them.
The Assembly and Senate budget subcommittees have begun the process of hearing various elements of the Governor’s January budget. In most cases, the Legislature is leaving budget items open. The following chart provides an overview of the health issues to be heard in April.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
</table>
| Assembly Sub. 1 | April 11  | Department of Public Health –  
|               |            |   ▪ Center for Chronic Disease Prevention & Health Promotion  
|               |            |   ▪ Center for Family Health  
|               |            |   ▪ Office of Oral Health  
|               |            |   ▪ Budget Change Proposals  
|               |            |   ▪ Stakeholder Proposals  
|               |            | Department of Health Care Services –  
|               |            |   ▪ Denti-Cal  
| Assembly Sub. 1 | April 18  | Department of Public Health –  
|               |            |   ▪ Center for Infectious Diseases  
|               |            |   ▪ AIDS Drug Assistance Program  
|               |            |   ▪ Center for Environmental Health: Medical Marijuana proposal  
|               |            |   ▪ Licensing & Certification  
|               |            |   ▪ Office of Health Equity Oversight  
|               |            | Various stakeholder proposals  
| Senate Sub. 3   | April 21   | Health Facilities Financing Authority – Investment in Mental Health Wellness Act of 2013  
|               |            | Department of Health Care Services – Mental Health and Substance Use Disorder Services  
|               |            | Mental Health Services Oversight and Accountability Commission  
|               |            | Department of Social Services – Child Welfare  
|               |            | Health & Human Services Agency – CWS-NS Proposal  
| Assembly Sub. 1 | April 25   | Emergency Medical Services Authority  
|               |            | Office of Statewide Health Planning and Development  
|               |            | Department of Managed Health Care  
|               |            | Department of Health Care Services  
| Senate Sub. 3   | April 28   | Department of Aging  
|               |            | Department of Community Services and Development  
|               |            | Department of Social Services –  
|               |            |   ▪ In-Home Supportive Services  
|               |            |   ▪ SSI/SSP  
|               |            |   ▪ Coordinate Care Initiative  
|               |            |   ▪ Community Care Licensing  

Assembly Health Committee Changes

Assembly Speaker Anthony Rendon announced committee changes with his leadership transition, including changes to Assembly Health Committee. Assembly Member Jim Wood is now chairing Assembly Health Committee, replacing Rob Bonta who is no longer a member of the Committee. New members to the Committee include Assembly Members Nora Campos (D-San Jose), Matthew Dababneh (D-Encino), and Kristin Olsen (R-Modesto). Assembly Members Lorena Gonzalez (D-San Diego) and Rocky Chávez (R-Oceanside) are no longer members of Assembly Health Committee.

Certified Healthcare District

As public entities, Healthcare Districts have well-defined obligations for conducting business in a manner that is open and transparent. To assist ACHD Members in demonstrating compliance with these obligations, the ACHD Governance Committee has developed a core set of standards referred to as Best Practices in Governance. Healthcare Districts that demonstrate compliance with these practices will receive the designation of ACHD Certified Healthcare District.

Districts achieve Certification by demonstrating compliance with public agency reporting requirements in the following areas:

- Transparency
- Website Content
- Executive Compensation and Benefits
- State Agency Reporting
- Financial Reporting

To date, the following Healthcare Districts have achieved certification status:

- Antelope Valley Healthcare District: November, 2014
- Beach Cities Health District: October, 2014
- Eden Township Healthcare District: November, 2015
- John C. Fremont Healthcare District: March, 2015
- Palomar Health: August, 2014
- Peninsula Health Care District: November, 2015
- Petaluma Health Care District: May, 2015
- Sequoia Healthcare District: August, 2014

Members interested in applying for Certified Healthcare District status should contact Ken Cohen.

Healthcare District Data Survey

ACHD is seeking information about your Healthcare Districts! At your earliest convenience, please complete the short, ten question survey regarding your District demographics. The answers you provide will allow ACHD to better represent your District.
ACHD’s Partnership with Capella University

ACHD is pleased to announce an education alliance with Capella University. Capella will extend a $3000 tuition grant to all ACHD employees and Members and their immediate family members who enroll in and begin a bachelor’s, master’s, doctoral, specialist, or post-master’s certificate program between now and August 2016. This is in addition to the 10% tuition discount. For all details, visit www.capella.edu/ACHD.

CEO Evaluation

Available free of charge to all Member Healthcare Districts, ACHD offers an online Healthcare District CEO Evaluation Tool for assessing how each District Trustee perceives the CEO to be performing. There are two options; one for District CEOs no longer managing a hospital and one for District CEOs who do manage a hospital. The ACHD Board strongly encourages each District Board to complete a CEO Evaluation on an annual basis. Members interested in completing the CEO Evaluation may contact Sheila Johnston.

Board Self-Assessment Tool

ACHD makes available at no charge to its Members, an on-line Board Self-Assessment Tool for assessing how each Trustee perceives the Board to be functioning. There are two Self-Assessment options; one for Districts no longer managing a hospital and one for Districts which do manage a hospital. The survey takes about 35 minutes to complete, responses are anonymous and the results are only shared with the participating Board and Associations’ Education Committee. The ACHD Board strongly encourages each District Board to complete a Self-Assessment on an annual basis. For more information, please contact Sheila Johnston.

Healthcare District Study

ACHD is working with Via Consulting to collect valuable information about Healthcare Districts. Healthcare Districts are an essential part of California's health system and are among those most affected by the continually shifting landscape of health care.

We would like to invite Board Chairs and Chief Executive Officers to participate in this study by taking part in a brief 20-30 minute telephone interview. Given your unique position within your Healthcare District, ACHD believes you are in an ideal position to give us valuable firsthand information on lessons learned and pitfalls to avoid. Your participation will be a valuable addition to study the findings of which we believe can become valuable District governance reference material. To schedule a telephone interview, please contact Sheila Johnston.

Governing a public entity in these challenging times can be difficult. Compounding these challenges is a distinct lack of information regarding governance best practices specific to District boards to reference. To assist our Members in strengthening their ability to respond to these challenges, ACHD, in collaboration with Via Healthcare Consulting is conducting a study to identify effective governance practices particular to District boards.

The objectives of the study include:

- Identify structures, tools and practices which promote effective District governance;
- Elicit feedback on the barriers/challenges to effective governance, and;
- Collect data on real-life governance success stories, as well as efforts that were not successful.