



ASSEMBLYWOMAN PILAR SCHIAVO

AB 2311 – District Hospital Physician Employment Act

Summary

AB 2311 expands and preserves healthcare access for California’s diverse and often underserved populations by providing physicians the choice to be directly hired by public healthcare district hospitals.

Background

California’s public healthcare district hospitals serve some of California’s most diverse and underserved populations and are the most local form of public hospitals.

The passage of H.R. 1—the most significant healthcare cuts in decades—will result in deep Medicaid funding reductions. As a result, physicians contracting with high-Medicaid-volume employers face substantial revenue losses, rendering district hospitals even less competitive as employment options.

Communities must come together to establish a healthcare district, and vote to tax themselves to build a hospital for their community. District hospitals are locally governed, publicly accountable, and usually smaller than other public hospitals. District hospitals often have community physicians who play a unique active role in governance, as they are often elected to healthcare district governing boards.

But despite being the sole or closest source of health and medical services for many families and seniors, healthcare district hospitals are the only public hospitals not allowed to directly employ physicians.

The ability to directly employ physicians serves as a way to compete with larger labor markets to offer physicians benefits that make working at a public hospital more attractive.

The direct employment model is particularly attractive to doctors coming out of residency or who are relocating from other states where direct employment of physicians is more common, and who would prefer to receive a set salary, benefits, and hours while still having their clinical autonomy as physicians respected.

In fact, the American Medical Association’s (AMA) policy says that physicians should be free to enter mutually beneficial contracts, including employment. 

Current Law

(BPC § 2401) Currently allows for some exemptions for certain types of entities may not directly employ physicians to the corporate practice of medicine (CPOM).

This Bill

AB 2311 will:

- 1) Allow wholly owned and operated public hospitals to directly hire physicians, a tool currently available to every other public hospital, FQHCs and academic medical center.
- 2) Help close access gaps for the Medi-Cal, uninsured and underinsured populations.
- 3) Provide physicians a choice of employment option that best fits their needs.
- 4) Continue to prohibit interference with or control of physician judgement and patient healthcare decisions.

Support

Association of California Healthcare Districts (Sponsor)

For More Information

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¹ [AMA Principles for Physician Employment](#)