MEDICAL BOARD OF CALIFORNIA
Executive Office

September 10, 2008

The Honorable Mark Ridley-Thomas
Senate Committee on Business, Professions
and Economic Development
State Capitol, Room 3044
Sacramento, CA 95814

The Honorable Mike Eng, Chair
Assembly Comm. on Business and Professions
1020 N St., Rm. 124
Sacramento, CA 95814

Gentlemen:

This report is submitted pursuant to California Business and Professions Code Section 2401.1(e), which requires the Medical Board of California (Board) report to the Legislature, not later than October 1, 2008, on the evaluation of the effectiveness of a pilot project (pilot) which allows for the direct employment of physicians by qualified district hospitals.

Historically, physicians have been hired as independent contractors. However, the pilot authorized by Senate Bill 376/Chesbro (Chapter 411, Statutes of 2003) allows qualified hospital districts to recruit, hire, and employ physicians as full-time paid staff in rural or underserved communities meeting the criteria contained in the bill. The goal of the pilot is to improve access to healthcare in such areas.

The Board was challenged in evaluating the program and preparing this report because the low number of participants did not afford us sufficient information to prepare a valid analysis of the pilot. Nevertheless, the Board believes that this report provides a valuable summary and evaluation of the pilot.

In summary, while the Board supports the ban on the corporate practice of medicine, it also believes there may be justification to extend the pilot so that a better evaluation can be made. However, until there is sufficient data to perform a full analysis of an expanded pilot, the Board contends that the statutes governing the corporate practice of medicine should not be amended as a solution to solve the problem of access to healthcare.

If the Board can be of further assistance, please contact me at (916) 263-2389.

Sincerely,

Barb Johnston
Executive Director

MEDICAL BOARD OF CALIFORNIA
Executive Office

SB 376: Direct Employment of Physicians
Report to the Legislature

Executive Summary

The Medical Board of California (Board) is required to submit a report to the Legislature by October 1, 2008, offering an evaluation of a pilot program (pilot) which allowed for the direct employment of physicians by qualified hospital districts. The purpose of the pilot was to improve access to healthcare in rural and medically underserved areas, and the evaluation is to address not only access to care issues, but also the pilot's impact on consumer protection as it relates to intrusions into the practice of medicine.

The pilot was promptly implemented by the Board after the bill was signed by the Governor and operational by the time the provisions of the bill became effective. However, participation in the pilot by qualified district hospitals was limited to the extent that the Board was hindered in making a full evaluation.

Therefore, the Medical Board believes there may be justification to extend the pilot so that a better evaluation of the direct employment of physicians can be made.

History and Background

In California, the practice of medicine is governed by the Medical Practice Act. Specifically, Business and Professions Code (B&P) Section 2052 states that practicing medicine without a valid license is unlawful. Medical licenses are issued only to individuals, not to businesses.

Further, B&P Sections 2400, et seq., commonly referred to as the "Corporate Practice of Medicine," generally prohibit corporations or other entities that are not owned by physicians or other allied health professionals from practicing medicine, to ensure that lay persons are not influencing the professional judgment and practice of medicine by physicians.

Today, most states, including California, allow exemptions for some professional medical corporations to employ physicians. For example, California allows physician employees at teaching hospitals, some community clinics, narcotic treatment programs, and certain non-profit organizations.

While some states do not enforce their own statutes that ban the corporate practice of medicine, California is more rigorous than most states in this prohibition and is one of only a few states that prohibits the employment of physicians by hospitals (other states: Colorado, Iowa

Ohio, and Texas). This concept is not specifically written in law; however, the California Attorney General opined in 1971 that hospitals could not practice medicine and therefore could not employ physicians, even for the purpose of serving in emergency rooms. (*AG Opinion 71-20, dated July 27, 1971*)

The responsibility for licensing physicians and for enforcing California's ban on the corporate practice of medicine is within the scope of the Board.

Senate Bill 376 (Chapter 411, Statutes of 2003) was authored by Senator Wesley Chesbro and signed into law by the Governor. Under that law, which took effect on January 1, 2004, the Board was directed to establish a pilot to provide for the direct employment of physicians by qualified district hospitals. The pilot is set to expire on January 1, 2011.

This bill was sponsored by the Association of California Healthcare Districts (ACHD) to enable qualified district hospitals to recruit, hire, and employ physicians as full-time, paid staff in rural or underserved communities meeting specified criteria. A goal of the legislation was to improve the ability of district hospitals to attract physicians to such areas.

Specific requirements of the SB 376 Pilot

- Provides for the direct employment of a total of 20 physicians in California by qualified district hospitals.
- Limits the total number of physicians employed by a qualified district hospital to no more than two at a time.
- A "qualified district hospital" is defined as a hospital that meets all of the following requirements:
    - Is a district hospital organized and governed pursuant to the Local Healthcare District Law.
    - Provides a percentage of care to Medicare, Medi-Cal, and uninsured patients that exceeds 50 percent of patient days.
    - Is located in a county with a total population of less than 750,000. (According to the 2000 Census, the following counties have a population over 750,000; therefore, hospitals in these counties are not eligible to participate in the pilot: Alameda, Contra Costa, Fresno, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, Santa Clara, and Ventura.)
    - Has net losses from operations in fiscal year 2000-01, as reported to the Office of Statewide Health Planning and Development.

- The participating hospital is prohibited from interfering with, controlling, or otherwise directing the physician's professional judgment.

- The medical staff and the elected trustees of the qualified district hospital concur by an affirmative vote of each body that the physician's employment is in the best interest of the communities served by the hospital.

- The physician enters into or renews a written employment contract with the qualified district hospital prior to December 31, 2006, for a term not in excess of four years, and the employment contracts provide for mandatory dispute resolution under the auspices of the Board for disputes directly relating to the physician's clinical practice.

- The qualified district hospital must notify the Board in writing that the hospital plans to enter into a written contract with the physician; the Board must provide written confirmation to the hospital within five working days of receipt of the written notification to the Board.

- The Board shall report to the Legislature not later than October 1, 2008, on the evaluation of the effectiveness of the pilot project in improving access to healthcare in rural and medically underserved areas and the project's impact on consumer protection as it relates to intrusions into the practice of medicine.

Legislative Intent of the SB 376 Pilot

In crafting the actual language of SB 376, the Legislature added findings and declarations to support the intent of the bill. The Board's goals and expectations for the pilot reflected the Legislature's findings and declarations, and the evaluation criteria was to be based on the ability to fulfill the intent of these items—primarily, improved access to healthcare.

- Due to the large number of uninsured and underinsured Californians, a number of California communities are having great difficulty recruiting and retaining physicians.

- To recruit physicians to provide medically necessary services in rural and medically underserved communities, many district hospitals have no viable alternative but to directly employ physicians in order to provide economic security adequate for a physician to relocate and reside in their communities.

- The Legislature intends that a district hospital meeting the conditions set forth in this section be able to employ physicians directly, and to charge for their professional services.

- The Legislature reaffirms that B&P Section 2400 provides an increasingly important protection for patients and physicians from inappropriate intrusions into the practice of medicine, and further intends that a district hospital not interfere with, control, or otherwise direct a physician's professional judgment.

Typical Recruitment Process

Board staff contacted the human resources departments at several of the participating hospitals to determine the typical recruitment process used to secure the services of a physician using the traditional contracting process compared to the process used to employ a physician under the SB 376 pilot. Although there were a limited number of participating hospitals from which to gather information, the recruitment process at most medical facilities probably is similar.

Usually, a hospital will work with an employment/recruiting firm to identify physicians who might be interested in filling a vacancy. This process typically can take many months, or even longer than a year, and cost many thousands of dollars.

Once a potential candidate is identified, the process to bring the physician on board is very similar, whether hired as an employee or as a contractor. However, the hospital staff who provided comments indicated that since many interested candidates were likely to turn down an offer for a contracted position, the search process would be longer and more costly to contract for medical services than to employ a physician.

Under the pilot, several of the participating physicians already were personally known to the hospital administrator, so most recruitment costs were avoided for these positions.

Only one of the physicians in the pilot came to California from another state, thus this participant had to apply for California licensure. While the application review process by the Board can take from two to fours months (depending on how long it takes an applicant to secure the documents needed to complete the file), this particular physician was licensed more than three months before her employment period began.

Evaluation of the Pilot

To evaluate the effectiveness of the pilot in improving access to healthcare in rural and medically underserved areas, and the pilot's impact on consumer protection as it relates to intrusions into the practice of medicine, the Board was directed to report to the Legislature no later than October 1, 2008, on the outcome of the pilot.

While SB 376 was being debated before the Legislature, the Board discussed the potential impact of the bill with the author's office. While recognizing that the limitations of the pilot (a statewide total of 20 participants with no more than two physicians at any one hospital) would make only a small first-step towards increasing access to healthcare, the Board anticipated that all 20 slots soon would be filled. After the Governor signed the bill and the law took effect on January 1, 2004, staff was prepared to promptly process the applications as they were submitted. The Board recognized that to have an adequate base of physicians to use in preparing a valid analysis of the pilot, as many as possible of the 20 positions would need to be filled. However, such a significant response failed to materialize.

Unexpectedly, the first application was not received until six months after the pilot became operational, and that hospital (Chowchilla District Memorial Hospital) elected to hire a physician for only three years instead of the four years allowed by the pilot. Further, during the years that the pilot was operational, only six physicians were hired by five eligible hospitals; the Board was concerned that such a low number would not offer a significant, quantifiable improvement in access to healthcare nor would such a low number offer much information to the Board in preparing a valid and useful analysis of the pilot.

The following chart includes the names of the five participating hospitals and the contract period for each of the six participating physicians:

Name of Hospital:	Physician's Contract Period:
Chowchilla District Memorial Hospital	June 14, 2004 - June 13, 2007
Kaweah Delta Healthcare District	August 16, 2004 - August 15, 2008
John C. Fremont Healthcare District	February 1, 2005 - February 1, 2009
Pioneers Memorial Healthcare District	April 15, 2005 - April 14, 2009
Pioneers Memorial Healthcare District	December 15, 2005 - December 14, 2009
Mendocino Coast District Hospital	March 24, 2006 - March 23, 2010

Throughout the life of the pilot, periodic contact was made by the Board's staff with the administrators of the participating hospitals, seeking input on the effectiveness of the pilot. However, the administrators offered limited comments, mainly that they were pleased with the physicians' service to patients and that the pilot had been instrumental in bringing the physicians to work in the hospitals.

During December 2006, the Board sent letters to the participating physicians and to the administrators of the participating hospitals, asking each to start thinking about the effectiveness of the pilot, with a reminder that input from each was essential to the Board's analysis.

In early 2008, the Board sent letters to the same participants, asking each to define the successes, problems (if any), and overall effectiveness of this pilot for the hospital and on consumer protection. The administrators were asked for input as to how the pilot could be strengthened.

Despite subsequent faxed requests and phone calls, the response to the Board's letters was limited. Four of the six participating physicians replied and staff conducted a site visit with two of the six participants; and the administrators of only three of the five participating hospitals replied. The following is a summary of the replies; physicians are not listed in any particular order.

Concurrently, the Board sent letters to non-participating hospital administrators on the list of ACHD members (attached), whether or not the hospital was eligible to participate in the pilot. If the hospital was eligible, the administrators were queried as to why they did not participate in the pilot. If not eligible, the administrators were asked if they would have participated in the pilot if they had been eligible. The letter asked what changes could have been made to improve the pilot and if the pilot would have had an impact on access to care in that area.

A sample of each of the 2008 outreach letters is attached at the end of this report.

Comments Submitted by Participating Physicians

Physician #1: This family practice physician was recruited from out of state, where she worked in a hospital; she moved to California only for the purpose of accepting this offer of employment. While not addressing the benefits or drawbacks of the pilot, this physician indicated that "without the program, it would not have been able for (the hospital) to recruit and retain a physician like me." However, this physician left the position almost two years before the end of the employment period and returned to her home state to accept a position in a different hospital.

Physician #2: This oncologist was working in Northern California for a major healthcare organization, but moved to a location several hours away to accept this offer of employment.

This physician offers specialty care that previously was not available to residents without driving two to four hours, thus saving time and gas money for the patients and allowing them to remain close to their support community. The physician indicated that this specialty care is difficult to offer as a solo-practitioner in rural areas due to the need for extensive medications, treatments, and equipment, which incur exorbitant start-up fees; however, these are resources that a hospital can more easily provide.

This physician deemed the pilot an unqualified success. Since the pilot is scheduled to sunset, and the employment contract is scheduled to end, this physician indicated the intent to find employment elsewhere.

This physician indicated that a reasonable and stable salary was beneficial to his personal circumstances. However, he stated that he believed the pilot had too many restrictions to be successful in its goals; specifically, each condition which determined that a district hospital was not eligible to participate in the pilot was an impediment to increased healthcare.

Physician #3: This psychiatrist was working in a neighboring county before accepting this offer of employment; he had been offering his services through a public agency. This physician is one of the few who practices this specialty in the area and offers these services primarily to children and adolescents. Previously, many patients had difficulty getting access to this specialty care.

This physician commented that while many physicians are willing to work in underserved areas, they are looking for employment instead of contracted positions. This physician also commented that since many physicians are already employed by public agencies in California, these employment opportunities should be extended to hospitals.

He continues to see patients at a local mental healthcare clinic and is on the instructional staff at a nearby teaching hospital.

Physician #4: This internist identified himself as being in his late-60s. Having worked in private practice (in the same city as the employing hospital) for over 30 years, he already had a significant patient population but had grown frustrated with the business aspects of the traditional private practice model. Being employed by the hospital allowed him to continue offering healthcare service in the area and, through a special billing arrangement with the hospital, he could provide in-patient care to his original patients.

This physician commented on the benefits offered to him as an employee: less expensive insurance (personal health, dental, and malpractice), the opportunity to participate in a 401(k) fund, and numerous other traditional retirement benefits.

Further, being employed by the hospital alleviated several costs to which he would have been obligated in private practice, such as leased office space and the need to maintain tail-end insurance coverage.

Physician #5: This internist already was living in the city when he was hired. Before being hired, he was working in a medical group but was considering a move out of the area. However, this program was the catalyst that retained him in the area.

Being hired by the hospital allowed him to concentrate on a specialty in which he previously had worked and enjoyed. His new position with the hospital allowed patients to receive a continuity of care by one physician instead of various physicians rotating through the clinic. But most important, the employment of this physician allowed for local healthcare, instead of having the patients drive elsewhere several hours for this care, which often had been the only option.

Physician #6: There was no reply to the survey from this physician. However, it was determined that this family practice physician already was living in the city when hired. The employment period has ended and this physician went to work in a local community clinic.

Comments Submitted by Administrators of Participating Hospitals

Chowchilla District Memorial Hospital: There was no reply to the survey from this hospital.

John C. Fremont Healthcare District: There was no formal reply to the survey from this hospital. However, subsequent email communications with hospital staff indicate that within a short period after the physician's departure, the hospital entered into a traditional contract with another physician for services left by the vacancy.

Kaweah Delta Hospital: This administrator pointed out that physicians are employed by many public agencies throughout California; further, this practice is legal in many states. In addition, he stated that healthcare districts are the only public agency in California not allowed to employ physicians, something worthy of changing.

Many of the physicians currently working at this hospital are planning to retire soon, and recruiting and retaining new physicians is a problem due to lack of job security. Employment opportunities would address that concern. However, being able to hire only one or two physicians under the pilot does not address the real need.

There were no problems with the physician who was employed; there were no consumer protection issues. This physician filled a need in the community for care in this specialty.

Mendocino Coast District Hospital: The hospital administrator stated that this physician would not have come to this area if not hired as an employee. This physician has been instrumental in the development of a specialty clinic and treatment center, a tremendous asset to both the hospital and community.

This physician's presence in the community increased access to care in this rural community; the patients in need of this specialty care were able to receive local care, which was previously not available.

In support of the pilot, the administrator said that the ability to employ physicians allows for greater clinical integration between hospitals and physicians.

Pioneers Memorial Hospital: This hospital hired two physicians. With the addition of the first physician to the staff, the hospital was able to open a new primary care clinic, which then expanded to include an after-hours urgent care center. This facility has 9,000 patient visits annually, mainly Medi-Cal patients. This facility is also designated as a Rural Health Center.

Hiring the second physician allowed expanded services to the business community via the only hospital-based worker's compensation clinic in the area, which was previously served only a few hours a week by three part-time physicians. This facility works with over 600 businesses; these services have greatly improved back-to-work time, which increased productivity in the community and have allowed patients to see local physicians instead of having to drive about two hours, as previously necessary. There seems to be greater patient satisfaction by having the continuity of care by one physician who is always available; further, by operating the clinic full-time, the hospital has been able to justify upgraded facilities.

This administrator indicated that improved recruitment packages offering employment might be a vehicle to attract new physicians to the area. However, the two physicians actually hired under SB 376 already were living and working in the area and this program was used as a method of retention, so neither would retire or move away.

Having these two additional physicians has improved long-term viability of the hospital, a facility at which the vast majority of current physicians are looking at probable retirement in the next five to 10 years.

Lastly, the accounting staff at the hospital has commented that the paperwork for an employed physician is significantly less than the billing paperwork required for a contracted physician.

Normally, this hospital recruits new physicians using "head hunting" firms. However, both of the physicians hired under the pilot were personally known to the hospital administrator.

Comments from non-Participating Hospitals

Administrators from six of the non-participating hospitals communicated with the Board in reply to the letters sent. They agreed that the pilot seemed worthwhile in addressing the shortage of health professionals. They offered a variety of comments:

- The hospital administration supported the pilot but the medical staff did not approve a motion to hire a physician. Senior physicians saw it as a threat and believed that new physicians should "pay their dues."
- Employment of physicians could benefit the hospital.
- Most physicians want the security that comes with employment, not just a contract.
- Most physicians who leave the hospital go out of state for employment opportunities.
- One hospital wanted to offer employment opportunities to physicians currently on contract instead of hiring a new physician; however, so as not to show favoritism, they decided not to hire anyone.
- The pilot's three-year *[sic]* limitation for employment contracts was a barrier; no one would want to give up private practice with uncertainty over job security.
- One hospital is located in a county with a population higher than the pilot's threshold; otherwise, would have tried to hire someone.
- Past recruitment has been difficult; recruiting firms indicate the greatest barrier is the lack of employment.
- Other public agencies can hire physicians, which should be extended to district hospitals.

One hospital administrator replied that the hospital has no interest in directly employing physicians. In his opinion, traditional contracts provide the services of a physician at a lower cost to the hospital and, he believes, a greater level of satisfaction to the physician.

Letters to three hospitals were returned because the facility was closed or the district no longer operated the hospital.

Conclusions

During the past years, discussions with numerous stakeholders, even beyond those participating in this pilot, continuously highlight that the availability of healthcare professionals is greatly lacking in California. Improving access to healthcare was the primary goal of the SB 376 pilot.

From the responses received to the Board's queries about the pilot, there seems to be a universal belief that many physicians hesitate settling in California, especially rural areas of the state, because of the disincentive created by the laws governing the corporate practice of medicine—most physicians in California work as contractors, not employees. Hospital

administrators view the prohibition of the corporate practice of medicine as complicating their ability to ensure adequate staffing. This is further exacerbated by contractors not realizing the same work-related benefits as an employee.

Admittedly, any one additional healthcare provider who offers services is going to increase access to healthcare, regardless of how minimally. And it is obvious from the responses received that the six physicians who were employed under the pilot provided additional access to healthcare to the residents of their service area; some of the physicians offered specialty services not otherwise available, an even greater benefit.

Yet the Board regrets that there was not a larger pool of participants from whom to gather data which would allow for a more in-depth analysis. The potential of collecting data from only six physicians and five hospital administrators created a challenge. The fact that input was provided from only three of the five participating hospitals and five of the six participating physicians further inhibited the potential for a valuable analysis.

Therefore, while the Board supports the ban on the corporate practice of medicine, it also believes there may be justification to extend the pilot so that a better evaluation of the direct employment of physicians can be made. Along those lines, the Board believes that it might be appropriate to broaden the pilot to include more hospitals while keeping limits on the pilot's physician population. However, until there is sufficient data to perform a full analysis of an expanded pilot, the Board contends the statutes governing the corporate practice of medicine should not be amended as a solution to the problem of access to healthcare.

ATTACHMENTS:

1. Sample Letter to Participating Hospital Administrators
2. Sample Letter to Participating Physicians
3. Sample Letter to Non-Participating Hospital Administrators
4. Roster of ACHD Members

MEDICAL BOARD OF CALIFORNIA
Executive Office

February 29, 2008

Sample Letter to Participating Hospital Administrators

Mr. <name>
Chief Executive Officer
<Health Care District>
<address>
<city, CA zip>

Dear Mr. <name>:

In 2003, the Medical Board of California launched a new pilot program which provided for the direct employment of physicians by qualified district hospitals. Senate Bill 376 (Chapter 411, Statutes of 2003) was authored by Senator Wesley Chesbro. The <Health Care District> has hired Dr. XXXXXXX under this pilot program.

This program was sponsored by the Association of California Healthcare Districts to enable qualified district hospitals to recruit, hire and employ physicians as full-time paid staff in a rural or underserved community meeting specified criteria. Although it was anticipated that this program would bring about significant improvement in access to healthcare in these areas, only five hospitals throughout all of California have participated, employing a total of six physicians.

The Board is required to submit a report to the Legislature by October 1, 2008 on the outcome of the program, not only detailing how the program improved access to healthcare, but also the impact on consumer protection as it relates to intrusions into the practice of medicine.

As a first step towards preparing our Legislative report, the Board is asking you to define the successes, problems, if any, and overall effectiveness of this program for your hospital and on consumer protection. We also would value your input as to how the program could be strengthened.

Since your hospital is one of only five district hospitals participating, your input will be very helpful to us in completing our report. For your review, we have included a copy of the enacting statute.

In addition, I have enclosed two pieces of legislation that have been recently introduced; one extends the pilot program, and the other attempts to make the program permanently. You may wish to comment on these bills as those comments will help in the assessment of whether to continue a program of this type.

We hope that we will receive your reply by April 15, 2008. In the meantime, if there is anything with which the Board or I can be of further assistance, please do not hesitate to contact me at (916) 263.2368.

Sincerely,

Kevin A. Schunke
SB 376 Program Administrator

cc: Association of California Healthcare Districts

Enclosure: SB 376/2003, SB 1294/2008 and AB 1944/2008

MEDICAL BOARD OF CALIFORNIA
Executive Office

February 29, 2008

Sample Letter to Participating Physicians

Dr. <name>
<Health Care District>
<address1>
<address2>
<city, CA zip>

Dear Dr. <name>:

In 2003, the Medical Board of California launched a new pilot program which provided for the direct employment of physicians by qualified district hospitals. Senate Bill 376 (Chapter 411, Statutes of 2003) was authored by Senator Wesley Chesbro. You are employed by the <Health Care District> under this pilot program.

This program was sponsored by the Association of California Healthcare Districts to enable qualified district hospitals to recruit, hire and employ physicians as full-time paid staff in a rural or underserved community meeting specified criteria. Although it was anticipated that this program would bring about significant improvement in access to healthcare in these areas, only five hospitals throughout all of California have participated, employing a total of six physicians.

The Board is required to submit a report to the Legislature by October 1, 2008 on the outcome of the program, not only detailing how the program improved access to healthcare, but also the impact on consumer protection as it relates to intrusions into the practice of medicine.

As a first step towards preparing our Legislative report, the Board is asking you to define the successes, problems, if any, and overall effectiveness of this program for your hospital and on consumer protection. We also would value your input as to how the program could be strengthened, and we encourage you to share your thoughts on how the program impacted you personally.

Since your hospital is one of only five district hospitals participating, your input will be very helpful to us in completing our report. For your review, we have included a copy of the enacting statute.

In addition, I have enclosed two pieces of legislation that have been recently introduced; one extends the pilot program, and the other attempts to make the program permanently. You may wish to comment on these bills as those comments will help in the assessment of whether to continue a program of this type.

We hope that we will receive your reply by April 15, 2008. In the meantime, if there is anything with which the Board or I can be of further assistance, please do not hesitate to contact me at (916) 263.2368. If it would more convenient for you, I would welcome your response via email to: kschunke@mbc.ca.gov .

Sincerely,

Kevin A. Schunke
SB 376 Program Administrator

cc: Association of California Healthcare Districts

Enclosure: SB 376/2003, SB 1294/2008 and AB 1944/2008

MEDICAL BOARD OF CALIFORNIA
Executive Office

Sample Letter to Non-Participating Hospital Administrators

April 3, 2008

Dear Hospital Administrator:

In 2004, the Medical Board of California implemented a pilot program which provided for the direct employment of physicians by qualified district hospitals. The enacting legislation, Senate Bill 376 (Chapter 411, Statutes of 2003), was authored by Senator Wesley Chesbro.

This program was sponsored by the Association of California Healthcare Districts to enable qualified district hospitals to recruit, hire, and employ physicians as full-time paid staff in a rural or underserved community meeting specified criteria. Although it was anticipated that this program would bring about significant improvement in access to healthcare in these areas, only five hospitals throughout all of California have participated, employing a total of six physicians.

The Board is required to submit a report to the Legislature by October 1, 2008 on the outcome of the program, not only detailing how the program improved access to healthcare, but also the impact on consumer protection as it relates to intrusions into the practice of medicine.

As a first step towards preparing our Legislative report, the Board has asked the participating physicians and participating hospitals to define the successes, problems, if any, and overall effectiveness of this program for your hospital and on consumer protection.

Due to the limits included in the original legislation, we recognize that many district hospitals could not participate in the program. However, whether or not your hospital was eligible for the program, the Board still would value your input. If your hospital was eligible, why did you not participate in the pilot? If your hospital was not eligible, would you have participated in the program if eligible? What changes could have been made to improve the program? Do you believe the pilot would have had an impact on access to care in your area?

A copy of the original legislation, SB 376, is enclosed to assist you in your review.

We hope that we will receive your reply by April 25, 2008, whether by mail or by email to: kschunke@meb.ca.gov . In the meantime, if there is anything with which the Board or I can be of further assistance, please do not hesitate to contact me at (916) 263.2368.

Sincerely,

Kevin A. Schunke
SB 376 Program Administrator

Enclosure: SB 376/2003

	A	B	C	D	E	F
1	**Company**	**Address1**	**City**	**State**	**Zipcode**	**COUNTY**
2	City of Alameda Health Care District	2070 Clinton Avenue	Alameda	CA	94501	Alameda
3	Eden Township Healthcare District	20103 Lake Chabot Road	Castro Valley	CA	94546	Alameda
4	Washington Township Health Care District	2000 Mowry Avenue	Fremont	CA	94538	Alameda
5	Mark Twain Health Care District	768 Mountain Ranch Road	San Andreas	CA	95249	Calaveras
6	Los Medanos Comm. Healthcare Dist.	P.O. Box 8698	Pittsburg	CA	94565-8698	Contra Costa
7	Mt. Diablo Health Care District	PO Box 4110	Concord	CA	94524	Contra Costa
8	Del Norte Healthcare District	PO Box 2034	Crescent City	CA	95531	Del Norte
9	Coalinga Hospital District	1191 Phelps Avenue	Coalinga	CA	93210	Fresno
10	Kingsburg District Hospital	1200 Smith Street	Kingsburg	CA	93631	Fresno
11	Sierra Kings Health Care District	372 West Cypress Avenue	Reedley	CA	93654	Fresno
12	Southern Humboldt Community Healthcare District	733 Cedar Street	Garberville	CA	95542	Humboldt
13	Heffernan Memorial Hospital District	450 Birch Street	Calexico	CA	92231	Imperial
14	Pioneers Memorial Healthcare District	207 West Legion Road	Brawley	CA	92227	Imperial
15	Northern Inyo County Local Hospital District	150 Pioneer Lane	Bishop	CA	93514	Inyo
16	Southern Inyo Healthcare District	PO Box 1009	Lone Pine	CA	93545	Inyo
17	Kern Valley Healthcare District	PO Box 1628	Lake Isabella	CA	93240	Kern
18	Muroc Healthcare District	PO Box 408	Boron	CA	93596	Kern
19	North Kern South Tulare Hospital District	1509 Tokay Avenue	Delano	CA	93215	Kern
20	Tehachapi Valley Healthcare District	PO Box 1900	Tehachapi	CA	93581	Kern
21	West Side Health Care District	P.O. Box 128	Taft	CA	93268	Kern
22	Avenal Hospital District	PO Box 370	Avenal	CA	93204	Kings
23	Corcoran Hospital District	PO Box 758	Corcoran	CA	93212	Kings
24	Redbud Healthcare District	PO Box 4667	Clearlake	CA	95422	Lake
25	Lassen Community Healthcare District	340 North Pine Street	Susanville	CA	96130	Lassen
26	Antelope Valley Healthcare District	1600 West Avenue J	Lancaster	CA	93534	Los Angeles
27	Beach Cities Health District	514 North Prospect Avenue, Third Floor	Redondo Beach	CA	90277	Los Angeles
28	Chowchilla Memorial Hospital District	1104 Ventura Avenue	Chowchilla	CA	93610-0970	Madera
29	Marin Healthcare District	201 Tamal Vista Blvd Ste 200	Corte Madera	CA	94925	Marin
30	John C. Fremont Healthcare District	PO Box 216	Mariposa	CA	95338	Mariposa
31	Mendocino Coast Healthcare District	700 River Drive	Fort Bragg	CA	95437	Mendocino
32	Bloss Memorial Healthcare District	3605 Hospital Rd., Ste H	Atwater	CA	95301	Merced
33	Surprise Valley Health Care District	PO Box 246	Cedarville	CA	96104	Modoc
34	Southern Mono Healthcare District	PO Box 660	Mammoth Lakes	CA	93546	Mono
35	Salinas Valley Memorial Healthcare System	450 E. Romie Lane	Salinas	CA	93901	Monterey
36	Soledad Community Health Care District	612 Main Street	Soledad	CA	93960	Monterey
37	Tahoe Forest Hospital District	PO Box 759	Truckee	CA	96160	Nevada
38	Eastern Plumas Healthcare District	500 First Avenue	Portola	CA	96122	Plumas
39	Indian Valley Health Care District	184 Hot Springs Road	Greenville	CA	95947	Plumas
40	Plumas District Hospital	1065 Bucks Lake Road	Quincy	CA	95971-0000	Plumas
41	Seneca Healthcare District	PO Box 737	Chester	CA	96020	Plumas
42	Desert Healthcare District	1140 North Indian Canyon Drive	Palm Springs	CA	92262	Riverside
43	Palo Verde Health Care District	P.O. Box 2009	Blythe	CA	92226	Riverside
44	San Gorgonio Memorial Health Care District	600 North Highland Springs Avenue	Banning	CA	92220	Riverside
45	Valley Health System	1117 E. Devonshire Avenue	Hemet	CA	92543	Riverside
46	San Benito Health Care District	911 Sunset Drive	Hollister	CA	95023	San Benito

Roster of
ACHD Members

	A	B	C	D	E	F
47	Bear Valley Community Healthcare District	PO Box 1649	Big Bear Lake	CA	92315	San Bernardino
48	Hi-Desert Memorial Health Care District	6601 White Feather Road	Joshua Tree	CA	92252	San Bernardino
49	San Bernardino Mountains Community Hospital District	PO Box 70	Lake Arrowhead	CA	92352	San Bernardino
50	Fallbrook Healthcare District	P.O. Box 2587	Fallbrook	CA	92085	San Diego
51	Grossmont Healthcare District	9001 Wakarusa Street	La Mesa	CA	91942	San Diego
52	Palomar Pomerado Health	15255 Innovation Drive	San Diego	CA	92128	San Diego
53	Tri-City Healthcare District	4002 Vista Way	Oceanside	CA	92056	San Diego
54	Cambria Community Healthcare District	2535 Main Street	Cambria	CA	93428	San Luis Obispo
55	Peninsula Health Care District	1783 El Camino Real	Burlingame	CA	94010	San Mateo
56	Sequoia Health Care District	170 Alameda de las Pulgas	Redwood City	CA	94062	San Mateo
57	Lompoc Healthcare District	P.O. Box 1058	Lompoc	CA	93438	Santa Barbara
58	El Camino Hospital District	2500 Grant Road	Mountain View	CA	94040	Santa Clara
59	Mayers Memorial Hospital District	PO Box 459	Fall River Mills	CA	96028	Shasta
60	Cloverdale Health Care District	PO Box 33	Cloverdale	CA	95425	Sonoma
61	North Sonoma County Hospital District	1375 University Avenue	Healdsburg	CA	95448	Sonoma
62	Palm Drive Health Care District	501 Petaluma Avenue	Sebastopol	CA	95472	Sonoma
63	Petaluma Health Care District	1425 N. McDowell Blvd, Suite 103	Petaluma	CA	94954	Sonoma
64	Sonoma Valley Health Care District	PO Box 600	Sonoma	CA	95476	Sonoma
65	Del Puerto Health Care District	P.O. Box 187	Patterson	CA	95363	Stanislaus
66	Oak Valley Hospital District	350 South Oak Avenue	Oakdale	CA	95361	Stanislaus
67	West Side Community Healthcare District	151 South Highway 33	Newman	CA	95360	Stanislaus
68	Corning Healthcare District	145 Solano	Corning	CA	96021	Tehama
69	Mountain Communities Healthcare District	P.O. Box 1229	Weaverville	CA	96093	Trinity
70	Kaweah Delta Health Care District	400 West Mineral King Avenue	Visalia	CA	93291	Tulare
71	Sierra View Local Hospital District	465 West Putnam Avenue	Porterville	CA	93257	Tulare
72	Tulare District Healthcare System	869 Cherry Street	Tulare	CA	93274	Tulare
73	Camarillo Health Care District	3639 East Las Posas Road, Suite 117	Camarillo	CA	93010	Ventura
74	Sierra Valley Hospital District	P.O. Box 178	Loyalton	CA	96118	
75	Southwest Health Care District	P.O. Box 621	Frazier Park	CA	93225	
76	West Contra Costa Healthcare District	2000 Vale Road	San Pablo	CA	94806	