

June 21, 2010

The Honorable Dean Florez  
California State Senate  
State Capitol, Room 313  
Sacramento, CA 95814

**RE: Senate Bill 364 – OPPOSE AS AMENDED APRIL 22, 2010**

Dear Senator Florez:

On behalf of the California Healthcare Institute (CHI), the statewide public policy association representing our innovative life sciences sector – biotechnology, pharmaceutical, medical device and diagnostics companies, venture capital firms, research universities and institutes and its 275,000 workers, I am writing to oppose SB 364, a bill that would require the Attorney General's office to prepare a patient impact report before a hospital can change its management structure from non-profit to for-profit, or when a non-profit general acute care hospital proposes to establish a medical foundation.

In regards to the first provision in the bill, the attorney general already has the authority to review and approve non-profit hospital conversions to for-profit management structures. There is nothing within that review process that precludes the attorney general's office from considering the impact on patients. As such, SB 364 is an unnecessary and costly burden to the healthcare system.

CHI is more concerned about the requirement for a patient impact report when a non-profit hospital seeks to establish a medical foundation. Medical foundations are common in California and the rest of the country. They serve a strong public interest by facilitating the delivery of charity care and Medi-

Cal services. Indeed, medical foundations have been shown to reduce health care costs by streamlining billing and administrative processes, and pooling limited resources between the foundation and its affiliated hospital, including information technology, capital investment, equipment, and other resources.

Over the past several years, CHI has worked diligently to raise awareness for healthcare disparities. In this regard, we are especially concerned that this bill will discourage the establishment of medical foundations which have a proven track record in California of working with medically underserved communities. Medical foundations frequently sponsor community health and wellness programs; participate in health fairs; provide screening for conditions such as diabetes and cardiovascular disease which disproportionately affect communities of color; and provide teaching and training opportunities for students, physicians, and healthcare providers in communities across the state.

CHI strongly urges a no vote on SB 364, and hopes that the author will reconsider the serious detrimental impacts this legislation will have on healthcare for medically-underserved communities across the state.

Please feel free to contact us if you have any questions or would like to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Pizarro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra Pizarro  
Vice President – State Government Affairs

cc: The Honorable Dean Florez  
Chair & Members, Assembly Health Committee  
Tanya Robinson-Taylor, Consultant, Assembly Health Committee  
Peter Anderson, Assembly Republican Caucus  
Jennifer Kent, Office of the Governor