
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

SB 977 (Monning) - Health care system consolidation: Attorney General approval and enforcement

Version: May 19, 2020

Urgency: No

Hearing Date: June 18, 2020

Policy Vote: HEALTH 7 - 2

Mandate: No

Consultant: Samantha Lui

Bill Summary: Senate Bill 977 would require a health care system, as defined, to provide written notice to, and obtain the written consent of, the Attorney General (AG) prior to an affiliation or acquisition, as specified, between the health care system and a health care facility or provider. Would make it unlawful conduct for a health system with substantial market power to engage in specified anticompetitive activities. Would require the AG, by July 1, 2021, to establish the Health Policy Advisory Board to analyze health markets and produce an annual report. Would not apply to acquisitions or affiliations, as defined, entered into prior to January 1, 2021, including subsequent renewals, as long as those acquisitions or affiliations do not involve a material change in the corporate relationship, as specified.

******* ANALYSIS ADDENDUM – SUSPENSE FILE *******

**The following information is revised to reflect amendments
adopted by the committee on June 18, 2020**

Fiscal Impact: According to the Department of Justice, assuming 20-25 qualifying transactions annually, \$499,000 (\$290,000 General Fund, \$209,000 Legal Services Revolving Fund) in FY 2020-21; \$866,000 (\$503,500 General Fund, \$362,500 Legal Services Revolving Fund) in FY 2021-22, and ongoing, for 2.0 Deputy Attorney General, 1.0 Legal Secretary, and 1.0 Associate Governmental Program Analyst. The Legal Services Revolving Fund would be reimbursable through direct billings to client agencies.

Committee Amendments: The committee amendments would:

- Authorize the expedited review process for academic medical centers, as defined.
- Define “academic medical center” to include those operated by public universities, health systems with a medical school accredited as of June 9, 2017, and a National Cancer Institute – designated comprehensive cancer center and hospital located in the City of Duarte.
- Clarify conflict of interest provisions for Board members.

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