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## SENATE COMMITTEE ON HEALTH

Senator Dr. Akilah Weber Pierson, Chair

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**BILL NO:** SB 1400  
**AUTHOR:** Arreguín  
**VERSION:** April 16, 2026  
**HEARING DATE:** April 22, 2026  
**CONSULTANT:** Vincent D. Marchand

**SUBJECT:** Alameda Health System: hospital authority

**SUMMARY:** Revises provisions of law that established the Alameda Health System (AHS) hospital authority to permit the AHS governing board to consist entirely of the Alameda County Board of Supervisors, or to include any number of the members of the Board of Supervisors or county officers or employees appointed to represent the interests of the county.

**Existing law:**

- 1) Establishes a hospital authority as a separate public agency, established by the Alameda County Board of Supervisors to manage, administer, and control the Alameda County Medical Center (doing business as the AHS). [HSC §101850]
- 2) Requires the hospital authority to be governed by a board that is appointed by the Alameda County Board of Supervisors, and requires its mission to be the management, administration, and other control of the group of public hospitals, clinics, and programs that comprise AHS in a manner that ensures appropriate, quality, and cost-effective medical care. [HSC §101850(c) and (d)]
- 3) Requires every county to relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, that are residents of the county, when such persons are not otherwise supported by other means, which has been interpreted by the courts as a requirement that counties be the provider of last resort for medical and other care. [WIC §17000, et seq.]
- 4) Permits health care facilities, including hospitals and clinics licensed by the California Department of Public Health (CDPH), that are owned or operated by counties, to establish, maintain, and carry on their activities through one or more corporations, joint ventures, or partnerships for the direct benefit of those health care facilities and the health services they provide. [GOV §23004.5]

**This bill:**

- 1) Permits the Alameda County Board of Supervisors to amend the enabling ordinance of AHS, and permits the enabling ordinance to authorize the membership of the AHS governing board to include, with the approval of the Board of Supervisors, a representative of any local public entity that contributes financial or other support to AHS pursuant to a joint powers agreement or other affiliation agreement.
- 2) Permits, at the Board of Supervisors' discretion, the AHS governing board to consist entirely of the Board of Supervisors or to include any number of Supervisors or county officers or employees appointed to represent the interests of the county.

- 3) Permits the Board of Supervisors to change the composition of the AHS governing board, or to revoke the duties and responsibilities of AHS and transfer the hospital authority back to the county.
- 4) Permits the AHS governing board to delegate day-to-day operational responsibilities to one or more subsidiary bodies it establishes, consisting of members possessing relevant expertise. Requires this delegation to involve reasonable safeguards to ensure that the AHS governing board retains ultimate control over the hospital authority, consistent with applicable law.
- 5) Permits AHS to affiliate with, or acquire ownership or control of, additional public or private hospitals, clinics, or programs to further its mission, at the discretion of the governing board.
- 6) Specifies that the provisions of law establishing AHS do not prohibit the Board of Supervisors from establishing, through bylaws or ordinances, mechanisms for integrating the county's interests in fulfilling its obligations as the provider of last resort, as specified in Existing Law 3) above, into AHS decisions.
- 7) Clarifies that the rights and duties with respect to hospitals owned or operated by a county that are conferred with a transfer of control or ownership to AHS include the privileges, exemptions, preferences and authority of a county with respect to owning, operating, and providing coverage and services through hospitals, clinics, and other health facilities, health programs, care organizations, physician practice plans, delivery systems, health care service plans, and other provider types and coverage mechanisms.
- 8) Permits AHS to carry on its activities through one or more corporations, joint ventures, or partnerships, consistent with specified provisions of existing law as described in Existing Law 4) above.
- 9) Permits AHS, at the discretion of its governing body, and when not inconsistent with the bylaws adopted by the Board of Supervisors, to maintain the private character of any private hospitals, clinics, and other health care facilities for which it assumes ownership or control.
- 10) Includes an AHS governing board member in provisions of law prohibiting a member of the AHS administrative staff from being considered to be engaged in activities inconsistent, incompatible, or in conflict with their duties to either AHS or the county as a result of employment or affiliation with the other.
- 11) Prohibits the inclusion of members of the Board of Supervisors or county employees on the AHS governing board from being a basis to determine that AHS is not an independent entity or that AHS has not obtained the administration, management, and control of the medical center.

**FISCAL EFFECT:** This bill is keyed non-fiscal.

**COMMENTS:**

- 1) *Author's statement.* According to the author, under current law, AHS has a unique governance structure that provides for a health system board of trustees appointed by the Board of Supervisors. The Alameda County Board of Supervisors previously transferred management and operational control of AHS to an independent hospital authority under Health & Safety Code Section 101850. This structure was intended to improve efficiency,

effectiveness, and fiscal stability while preserving the County's obligation to provide indigent care. Following a multi-session review process conducted by an Ad Hoc Committee on AHS Governance, the Board and community stakeholders identified gaps in the current governing authority and delegation of operational responsibilities. The proposed statutory amendments reflect the Ad Hoc Committee's determination that added flexibility would provide the Board with more direct involvement in key and targeted issues that impact AHS, such as labor relations and personnel.

- 2) *Background on AHS.* AHS is an integrated public health care system with multiple hospitals and other health facilities and wellness centers located throughout Alameda County. The largest campus in AHS is Wilma Chan Highland Hospital, located in Oakland, with 236 inpatient beds, a regional trauma center, and an affiliation with the University of California San Francisco medical school with 10 residency slots for physician training. In addition to Highland Hospital, AHS also includes:
- a) Alameda Hospital, with 101 licensed beds;
  - b) San Leandro Hospital, a 93-bed medical facility in central Alameda County;
  - c) John George Psychiatric Hospital, with 80 licensed beds in San Leandro;
  - d) Fairmont Hospital, with a 50-bed Acute Rehabilitation Center as well as a 109-bed skilled nursing facility; and,
  - e) A network of community clinics, called Wellness Centers, which include Highland Wellness Center in Oakland, Eastmont Wellness Center in Oakland, Hayward Wellness Center, and Newark Wellness Center.

Additionally, as of 2024, AHS has taken on the governance of St. Rose Hospital, a private nonprofit community hospital in Hayward with 171 licensed beds.

- 3) *History of AHS and report of Ad Hoc Committee on governance reform options.* Thirty years ago, in response to growing budget problems, the Alameda County Board of Supervisors sponsored AB 2374 (Bates, Chapter 816, Statutes of 1996) to authorize the County of Alameda to establish a hospital authority to manage the hospitals and county programs operating as AHS. AB 2374 required the governing structure of the hospital authority to be separate and apart from the County for the purpose of affecting a transfer of the management, administration and control of the AHS. AB 2374 required the hospital authority's governing body to be appointed by the Alameda County Board of Supervisors.

In 2020, in response to stakeholder concerns relating to a lack of a constructive labor-management partnership at AHS, among other concerns, Alameda County began internal discussions to explore reform of the AHS governance structure. This ultimately led to the formation of an Ad Hoc Subcommittee on AHS Governance, which began meeting in early 2022. The purposes of the Ad Hoc Committee was to review, discuss, and suggest the most effective financial accountability structure between AHS and the County, approaches to improving the effectiveness of governance oversight and transparency between AHS and the County, and identify potential changes to the AHS Permanent Agreement, including policy changes, that might be necessary.

In May of 2022, the Ad Hoc Committee presented two options, called Option A and Option B, to the Board of Supervisors. Under Option A, AHS would retain its status as a public hospital authority that is a legal entity separate from the County, but the Board of Supervisors would become the governing body of AHS with ultimate authority and responsibility over AHS, while still delegating certain operational responsibilities to the AHS Board of Trustees.

Under Option B, AHS would also retain its status as a public hospital authority that is a legal entity separate from the County, but the AHS Board of Trustees composition would be modified to reflect more County government representation, potentially including one to two County Supervisors and/or non-elected County officers. Under this bill, both Option A and Option B would be available to the Board of Supervisors, as this bill permits the Board of Supervisors to replace the entire AHS governing board with the Board of Supervisors, or to simply fill one or more of the AHS board positions with supervisors or county staff.

- 4) *Maintaining St. Rose as a private hospital.* Following a drop in utilization during the COVID pandemic that did not rebound, by 2023, St. Rose Hospital was in financial crisis. St. Rose was among the hospitals that received a loan from the Distressed Hospital Loan Program established through AB 112 (Committee on Budget, Chapter 6, Statutes of 2023), receiving a loan of \$17.65 million. According to a study presented to the Alameda County Board of Supervisors, while inpatient beds were only 40% occupied, and surgery and catheterization laboratory utilization was down 20% to 30%, the emergency department remained occupied at greater than 100% capacity. The study found that other hospitals in the AHS system would be overwhelmed if St. Rose were to close. The study stated that remaining an independent hospital was not sustainable, and recommended that St. Rose affiliate with another health system.

In November of 2024, AHS entered into an affiliation agreement with St. Rose to take over the governance of the hospital. According to a press release from AHS at the time, “the AHS Board of Trustees and St. Rose’s Board of Directors executed a Membership Issuance Agreement establishing AHS as the sole statutory member of St. Rose Hospital.” However, the release stated that St. Rose Hospital will continue to operate as an independent, nonprofit, community hospital with its own board of directors, appointed by AHS.

This bill contains a provision that permits AHS to “maintain the private character of any private hospitals, clinics, and other health care facilities for which it assumes ownership or control.” According to the County, this provision is intended to address the situation with St. Rose. This language is intended to ensure the County is allowed to maintain the private character of St. Rose, which is necessary to ensure that certain funding streams remain accessible to St. Rose. Specifically, the County is seeking to ensure that St. Rose can continue using the Intergovernmental Transfer (IGT) program under SB 1100 (Perata, Chapter 560, Statutes of 2005). This program allows private hospitals to receive supplemental reimbursement under the Medi-Cal program using local IGTs as the nonfederal share, and the County states that protecting this funding stream is critical to the continued operation of the hospital.

- 5) *Double referral.* This bill was heard in the Senate Local Government Committee on April 15, 2026, and passed with a 5-1 vote.
- 6) *Prior legislation.* AB 722 (Bonta, Chapter 269, Statutes of 2023) extended the prohibition on contracting out services performed by unionized physicians until January 1, 2035.

AB 334 (Buchanan, Chapter 585, Statutes of 2014) expanded a provision of law restricting the ability of AHS to contract out physician services to private entities by clarifying that the hospital authority is also prohibited from contracting out physician services to a subsidiary or other entity established by the hospital authority.

AB 1008 (Buchanan and Bonta, Chapter 311, Statutes of 2013) prohibited AHS from privatizing services provided by physicians until January 1, 2024, and established eligibility for retirement benefits for employees of a facility that is acquired or merged into AHS.

AB 2374 (Bates, Chapter 816, Statutes of 1996) authorized the Alameda County Board of Supervisors to establish a hospital authority to manage the hospitals and county programs operating as AHS.

- 7) *Support.* This bill is sponsored by the Alameda County Board of Supervisors (County), which states that given the unprecedented times we find ourselves in, they believe they must update their local governance again. The County states that they convened an Ad Hoc Committee on local governance and how to best move forward with decisions that impact patients directly, labor relations, and personnel, and that this bill is the product of those local discussions. According to the County, this bill allows the Board greater flexibility by allowing Supervisors or other county staff to sit on the AHS board. This bill directly supports the County’s “Healthy for All” vision by strengthening local governance and ensuring the County can more effectively advance a thriving and resilient community while maintaining strong oversight of the systems that deliver critical health services to our residents.

California State Council of Service Employees International Union (SEIU California) supports this bill, stating that long before the actions of the Trump Administration were threatening the stability of our health care delivery system, SEIU, along with other unions and community partners, began questioning whether or not the current AHS structure was working well for health care workers and patients. The County Board of Supervisors and community stakeholders identified gaps in the current governing authority and delegation of operational responsibilities. The proposed amendments in this bill reflect the Ad Hoc Committee’s determination that added flexibility would provide the Board with more direct involvement in key and targeted issues that impact AHS, such as labor relations and personnel. According to SEIU, this past fall, unions representing AHS workers saw AHS were quick to lay off workers, making serious staffing cuts that will lead to outpatient sites closing and reduced services, all because of the federal legislation known as H.R. 1. Had these actions moved forward, not only would it impact hundreds of workers, but it would also devastate the care for thousands of patients at a time when communities are relying on these institutions more than ever. While these layoffs are now on hold, AHS’s preemptive actions offer a sad glimpse into how deliberations are being made today and why the recommendations of the Ad Hoc Committee are needed now.

**SUPPORT AND OPPOSITION:**

**Support:** County of Alameda (sponsor)  
California State Council of Service Employees International Union

**Oppose:** None received