

THIRD READING

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Bill No: SB 1400  
Author: Arreguín (D), et al.  
Amended: 4/27/26  
Vote: 21

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SENATE LOCAL GOVERNMENT COMMITTEE: 5-1, 4/15/26  
AYES: Durazo, Arreguín, Ashby, Cervantes, Laird  
NOES: Choi  
NO VOTE RECORDED: Seyarto

SENATE HEALTH COMMITTEE: 11-0, 4/22/26  
AYES: Weber Pierson, Valladares, Caballero, Durazo, Gonzalez, Grove,  
Menjivar, Padilla, Pérez, Rubio, Smallwood-Cuevas

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

**SOURCE:** County of Alameda

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**DIGEST:** This bill 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.

**ANALYSIS:**

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).
- 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.

- 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.
- 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.

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.

## **Background**

The Alameda County Medical Center is a network of facilities that provide health care services throughout Alameda County. Prior to 1996, the County of Alameda operated these facilities. However, changes in the provision of health care services made managing this system more challenging. Health care services shifted from inpatient services to outpatient services, and reduced state funding for county health care has resulted in critical funding problems for a number of counties operating county hospitals. In the case of Alameda County Medical Center, the

County had to reduce its budget in 1995 with a resulting deficit of approximately \$15 million at the end of that year.

These funding challenges prompted the County to consider how to reform governance of the Medical Center. Special legislation allowed Alameda County to form a public hospital authority, now known as the Alameda Health System (AHS), to manage, administer, and control the Alameda County Medical Center (AB 2374, Bates, Chapter 816, Statutes of 1996). The board of supervisors appoints a board of trustees. AHS operates as a separate legal entity from the County.

The board also adopts bylaws related to the management of the medical center. The bylaws specify that the AHS board consists of nine members. Each supervisor gets to make one appointment with majority board approval. One has to represent medical staff, but the board of supervisors still approves their appointment. Board members serve three-year terms, and can serve no more than three consecutive terms. To avoid violations of incompatible office law, AHS's enabling legislation provides that a member of hospital administrative staff is not incompatible with their duties as an employee or affiliate with the County.

## Comments

- 1) *Purpose of the bill.* According to the author, "Under current law, Alameda Health System 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. SB 1400 reflects those findings by providing increased flexibility in board composition and governance structure. Specifically, the bill authorizes members of the Board of Supervisors or designated county staff to serve on the AHS Board of Trustees, thereby strengthening coordination and communication between the County and AHS. This is intended to support a more defined and understood process of authority, consistent with the framework developed through the Ad Hoc Committee process. Given the significant impact of AHS governance on the delivery of health services to vulnerable populations, this bill seeks to ensure that elected officials have the ability to more directly engage in oversight and policy discussions affecting system operations."

2) *Choose your own adventure.* When Alameda County ran Alameda County hospitals in the 1990s, changes in healthcare prompted budgetary challenges. Alameda County hoped that shifting services to an entity independent from the county would help address these budgetary concerns. Fast forward a couple decades, and AHS faces another budgetary shortfall due in part to reasons outside of its control, including federal spending cuts. Now the board of supervisors is seeking the option to change its governance structure to allow it more control over AHS, seemingly shifting the pendulum back towards county control of AHS. Specifically, SB 1400 would allow the board of supervisors, or county staff, to become all, or a portion, of the AHS board of directors. SB 1400 includes language to provide that such changes do not alter the independent character of AHS, but because SB 1400 allows the board of supervisors to become the AHS board, in practice it may be difficult for AHS to maintain the same level of independence between the two entities.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 4/27/26)

County of Alameda (Source)

California State Council of Service Employees International Union

**OPPOSITION:** (Verified 4/27/26)

None received

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4/28/26 16:33:44

\*\*\*\* END \*\*\*\*