SENATE COMMITTEE ON HEALTH
Senator Dr. Akilah Weber Pierson, Chair

BILL NO: SB 526
AUTHOR: Pérez
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PURSUANT TO SENATE RULE 29.10

SUBJECT: Health facilities: clinics

SUMMARY: Permits a primary care clinic with a license in good standing for the preceding five years to apply for a change of location using the streamlined affiliate clinic licensure process. Requires a clinic corporation to establish another primary care clinic as the parent clinic prior to the closure of a parent clinic.

Existing law:
1) Licenses and regulates clinics, including primary care clinics and specialty clinics, by the California Department of Public Health (CDPH). [HSC §1200, et seq.]

2) Defines a primary care clinic as either a "community clinic," which is required to be operated by a non-profit corporation and to use a sliding fee scale to charge patients based on their ability to pay, or a "free clinic," which is also required to be operated by a non-profit but is not allowed to directly charge patients for services rendered or for any drugs, medicines, or apparatuses furnished. [HSC §1204]

3) Exempts various types of clinics from licensure and regulation by CDPH, including: any place or establishment operated as a clinic or office by one or more licensed health care practitioners and used as an office for the practice of their profession, within the scope of their license; clinics operated by the federal government, the state, counties, or a federally recognized Indian tribe on tribal land; a clinic operated by any institution of learning that teaches a healing art; medical foundation clinics; and, the offices of physicians in group practice who provide the preponderance of their services to members of a health plan. [HSC §1206]

4) Exempts from licensure by CDPH an intermittent clinic that is operated by a licensed primary care community clinic on separate premises from the licensed clinic and is only open for limited services of no more than 40 hours each week. However, an intermittent clinic operated under this exemption is still required to meet all other requirements of law, including administrative regulations and requirements, pertaining to fire and life safety. [HSC §1206(h)]

5) Permits a primary care clinic that has held a valid license for at least the immediately preceding five years, with no history of repeated or uncorrected violations that pose immediate jeopardy to a patient, to file an affiliate clinic application to establish a primary care clinic at an additional site, and requires CDPH upon receipt of the completed affiliate clinic application, to approve a license for the affiliate clinic, without the necessity of first conducting an initial onsite survey, if certain conditions are met, including evidence of

compliance with minimum construction standards for adequacy and safety of the new affiliate clinic's physical plant. [HSC §1218.1]

6) Specifies that the licensed primary care clinic operated by the clinic corporation that has applied for an affiliate clinic license be referred to as the "parent clinic." [HSC §1218.1(a)(1)]

7) Requires CDPH to issue a clinic license under the affiliate application process described in 5) above within 30 days of receipt of a completed affiliate clinic application. Specifies that nothing in the affiliate application process prohibits CDPH from conducting a licensing inspection of the affiliate clinic at any time after receipt of the completed affiliate clinic application. [HSC §1218.1(d) and (e)]

This bill:

1) Permits a primary care clinic that has held a valid license for at least the immediately preceding five years, with no history of repeated or uncorrected violations that pose immediate jeopardy to a patient, to apply to CDPH for a change of location using the affiliate clinic application as described in Existing Law 5) above.

2) Permits CDPH to approve the change of location application and issue an updated license, consistent with the 30-day timeline specified for the affiliate license application process, without the necessity of first conducting an onsite survey.

3) Requires a clinic corporation to submit a request to CDPH to establish another primary care clinic as the parent clinic prior to the closure of a parent clinic. Prohibits CDPH, if a clinic corporation submits a request to establish another primary care clinic as the parent clinic, from requiring a clinic corporation to resubmit any information, materials, or documents required under specified provisions of existing law, unless there are any changes to the information, materials, or documents in the corporate file maintained by CDPH, as specified.

4) Requires CDPH to approve the request to establish another primary care clinic as the parent clinic consistent with the 30-day timeline specified for the affiliate application process, as long as the new parent clinic meets both of the following:
   a) The primary care clinic has held a valid, unrevoked, and unsuspended license for at least the immediately preceding five years, with no demonstrated history of repeated or uncorrected violations that pose immediate jeopardy to a patient; and,
   b) The primary care clinic has the same corporate officers, are operated by the same nonprofit with the same board of directors, and have the same medical director or directors and medical policies, procedures, protocols, and standards.

5) Make various technical and clarifying changes to the affiliate clinic licensure process, including specifying that an affiliate clinic cannot be the parent clinic.

FISCAL EFFECT: According to the Assembly Appropriations Committee, CDPH estimates costs of approximately $320,000 per year in fiscal years 2027-28 and 2028-29 to cover two full-time staff positions to process an estimated 50 additional change of location applications, and 50 new parent clinic notices, and to update facility licenses (Licensing & Certification Fund).

COMMENTS:

1) *Author's statement.* According to the author, licensing an affiliate community health center is a complicated and time-consuming process. In response, SB 442 (Ducheny, Chapter 502, Statutes of 2010) required CDPH to develop a clinic "affiliate" expedited licensure process. Unfortunately, this expedited licensure process is not available to long standing clinics in existence before SB 442 took effect, even if they meet the criteria to qualify to pursue this process. An example of this problem is depicted with Planned Parenthood Pasadena and San Gabriel Valley's (PPPSGV) effort to set up a new flagship location in Pasadena. Although PPPSGV meets requirements, it cannot pursue this licensing process because the original health center was not licensed under the newer affiliate licensing process. While PPPSGV can apply for an affiliate license as a new location, the administrative and fiscal challenges associated with licensing a new health center pose significant lapses in continuation of care and jobs. This dynamic will not only impact PPPSGV, but other good standing health centers. This bill clarifies that a health center that meets the requirements for the existing affiliate licensing process may utilize it, regardless of when health center was initially licensed.

2) *Affiliate clinic licensure.* SB 442 streamlined provisions related to primary care clinic affiliate licensure. Under SB 442, a primary care clinic that has held a license for five years with no history of repeated or uncorrected violations can apply for an "affiliate clinic" license to establish a primary care clinic at an additional site. An affiliate license application does not require an initial onsite survey, and is a more simplified and streamlined process than applying for a new stand-alone license. Additionally, primary care clinics operating under a single corporation utilizing the affiliate licensing option are entitled to consolidate certain administrative functions such as billing and related financial functions, purchasing functions, and offsite storage and maintenance of certain patient and personnel records.

   While the affiliate clinic licensure process established by SB 442 did not specifically reference change of locations, CDPH has applied the affiliate licensure process to allow these affiliates to change locations using the same streamlined affiliate application process. This bill is intended to allow all clinics, as long as they meet the "license in good standing for five years" and other minimum requirements, to also use the affiliate clinic process. However, because the law is structured so that affiliates operated by a clinic corporation are attached to a "parent clinic," the law does not specify what happens when a parent clinic closes. CDPH provided technical assistance to address this issue, by requiring a clinic corporation to establish one of their other clinics as the "parent clinic" primary to closing the original parent clinic.

3) *Prior legislation.* AB 1612 (Pacheco of 2023) would have permitted a primary care clinic, with a license in good standing for the preceding five years, to construct a new outpatient clinic, acquire ownership or control of an accredited outpatient setting, or acquire ownership or control of a previously licensed primary care clinic, and deem these constructed or acquired facilities to be compliant with the minimum construction standards of adequacy and safety known as OSHPD 3. *AB 1612 was vetoed by the Governor, who stated: "This bill removes important health and safety protections for patients, clinic staff, and the public. Every primary care clinic, regardless of location, should meet the applicable state licensing standards and building codes. This bill exempts certain facilities from those safety measures."*

   AB 899 (Wood of 2019) proposed to exempt buildings acquired by a licensed primary care clinic under either the affiliate licensure process or the consolidated licensure process from

the requirement to meet minimum construction standards of adequacy and safety, known as OSHPD 3, if the building, prior to being acquired, was an outpatient setting or a previously licensed primary care clinic that was actively seeing patient within the previous 18 months. *AB 899 was vetoed by the Governor, who stated: "This bill would eliminate the primary clinic licensure process for certain acquired clinics. I support the stated goal of this bill, which is to encourage an increase in the number of primary clinics in California; however, the bill's proposed method for accomplishing that goal removes important health and safety protections for patients, clinic staff, and the public."*

AB 2053 (Gonzalez and Gray, Chapter 639, Statutes of 2016) requires CDPH, upon written notification by a licensed primary care clinic or an affiliate clinic that it is adding an additional physical plant maintained and operated on separate premises, to issue a single consolidated license to the clinic.

SB 442 (Ducheny, Chapter 502, Statutes of 2010) streamlined the administrative requirements for a clinic corporation to apply for licensure for an affiliate primary care clinic.

SB 937 (Ducheny, Chapter 602, Statutes of 2003) revised provisions relating to the licensure and operation of primary care clinics; permitted a primary care clinic to add a service or remodel a site without first having to apply for a new license from CDPH; and, required CDPH to issue an affiliate license to a primary care clinic to allow it to open a clinic at an additional site, under specified conditions.

4) *Support.* Planned Parenthood Affiliates of California (PPAC) is co-sponsoring this bill with California Primary Care Association (CPCA) Advocates. PPAC states that licensing a community health center is a complicated and time-consuming process. In 2010, legislation was enacted to require CDPH to develop an affiliate licensing process that is significantly streamlined in both the required paperwork and the approval timeline. This expedited licensing process for affiliates has been critical in expanding health care capacity and access. PPAC states that Planned Parenthood operates using the affiliate model, where one entity owns and operates multiple health centers within its area. For example, PPPSGV operates five health centers. Though all Planned Parenthood health centers meet the criteria for an "affiliate" license in existing law, almost all 109 Planned Parenthood health centers in California were established and licensed prior to the creation of the fast-tracked process in 2010. This year, PPPSGV plans to replace its oldest health center in Pasadena with a new flagship health center and administrative headquarters. The current 60-year old Pasadena health center has reached its limits, and now receives 18,000 visits annually, which is one-third of PPPSGV's annual patient visits. Additionally, the 2025 Eaton Fire rendered PPPSGV's administrative offices uninhabitable and forced their 100+ administrative employees to use temporary workspaces. Although PPPSGV meets every requirement for its new flagship health center to qualify for the fast-tracked affiliate change-of-location pathway, it cannot pursue this licensing process because the original health center was not initially licensed using the faster affiliate licensing process. A traditional change-of-location application takes significantly longer to be approved and requires much more paperwork. Each week that the PPPSGV health center cannot move results in additional costs to PPPSGV. This bill simply clarifies that a community health center that meets the requirements for an affiliate licensing process can use this expedited process to change location, regardless of how or when the health center was initially licensed. This change would allow PPPSGV to be grandfathered into the expedited affiliate licensing process to better serve their patients.

CPCA Advocates make similar arguments in support, and states that by creating a more efficient regulatory framework, this bill allows CDPH to focus its limited licensing resources on high-risk reviews while simplifying the processing of routine licensing actions. Rather than requiring multiple independent reviews of substantially similar information, this bill establishes a streamlined pathway that reduces unnecessary paperwork, repetitive administrative review, and avoidable processing delays. CPCA Advocates note that CDPH retains its oversight authority, inspection authority, and enforcement powers, and does not reduce CDPH's authority to ensure compliance with all applicable licensing and patient safety standards.

SUPPORT AND OPPOSITION:

Support: California Primary Care Association Advocates (co-sponsor)
Planned Parenthood Affiliates of California (co-sponsor)

Oppose: None received

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