

RESOLUTION NO. 2008-06

RESOLUTION APPROVING PASS-THROUGH SAVINGS POLICY FOR THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to issue revenue bonds to finance construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of health facilities operated by participating health institutions (the “Participating Health Institutions”);

WHEREAS, the Authority has previously issued in excess of \$19.7 billion in various series of revenue bonds of which approximately \$7.6 billion remains outstanding as of April 30, 2008, for the benefit of the respective Participating Health Institutions;

WHEREAS, the Authority’s statute contains legislative intent language calling for Participating Health Institutions to pass-through savings realized from tax-exempt revenue bond financing to the consuming public through lower charges or containment of the rate of increase in hospital rates;

WHEREAS, the Attorney General’s Office of the State of California (the “Attorney General”) issued an opinion to the Authority on November 17, 2005 stating that the Authority has discretion to implement the above mentioned legislative intent language as it sees fit within the parameters of the Act;

WHEREAS, the Authority retained a consultant, Sjoberg and Evashenk Consulting, Inc., who provided the Authority with recommendations concerning the implementation of this legislative intent language of the Act;

WHEREAS, Senator Sheila Kuehl authored and is currently carrying SB 1221 which, if implemented, will amend the Authority’s Act to clarify this legislative intent language;

WHEREAS, the Authority Board has determined the best interests of the Authority (and its various programs, including the HELP II loan program) merits the immediate adoption of a more specific pass-through savings policy until such time as the Legislature acts to otherwise amend the Authority’s Act;

WHEREAS, the Authority now seeks to adopt a pass-through savings policy; and

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. The Authority hereby finds that the above recitals are true and correct.

Section 2. The Authority hereby approves the following pass-through savings policy:

Until such time as the Legislature may amend the Authority's Act, all Participating Health Institutions seeking tax-exempt bond financing through the Authority shall satisfy the legislative intent portion of the Authority's statute found at Government Code section 15438.5(a) (concerning pass-through savings) by demonstrating to the Authority's satisfaction that the Participating Health Institution provides "significant community benefit."

In determining whether a Participating Health Institution provides a "significant community benefit," the Authority Board shall under this policy give due consideration to the following:

- (1) The economic value of the filing, initial and annual fees paid by the Participating Health Institution to the Authority, as part of their tax-exempt bond financing, which are used by the Authority to fund the Authority's programs, including the Authority's HELP II loan program;
- (2) Whether the Participating Health Institution maintains a policy of treating all patients regardless of ability to pay;
- (3) Whether the Participating Health Institution maintains a CMAC contract or otherwise treats Medi-Cal eligible patients;
- (4) Whether the Participating Health Institution establishes and maintains a charity care policy;
- (5) Whether the Participating Health Institution establishes a process to solicit input relating to the needs of the community and whether it takes significant and appropriate steps to address those needs. The board shall consider the resources committed to addressing the community needs.

Section 3. This Resolution shall become effective immediately upon adoption.

Date of Adoption: May 29, 2008

PASS-THROUGH SAVINGS CERTIFICATION

Effective May 30, 2008, all health facilities seeking tax-exempt bond financing through the Authority are required to demonstrate the performance of “significant community service” in exchange for the provision of tax-exempt bond financing. Please complete and sign this certification form to demonstrate your facility’s satisfaction of this requirement.

- Does your organization maintain a written policy concerning the provision of care to patients regardless of their ability to pay? **Yes / No.**
If not, please briefly explain below why such a policy is not maintained by your facility.

- Is your facility currently a party to a CMAC contract? **Yes / No.**
If not, does your facility otherwise treat Medi-Cal eligible patients? **Yes / No.**
If not, please briefly explain below why your facility does not have a CMAC contract or otherwise does not treat Medi-Cal eligible patients.

- Does your facility maintain a written charity care policy? **Yes / No.**
If so, please provide the Authority with a hardcopy of the current policy or the link to the charity care policy on your website. If not, please briefly explain below why your facility does not maintain a written charity care policy.

- Does your facility take significant steps to address the health care needs of your community, including soliciting input from others to help identify those needs? **Yes / No.**
Please describe the significant steps your facility has taken over the last year, including an estimate of the resources committed by your facility to address community needs and the actions taken to solicit input from others, or in the alternative, you may provide the latest version of your community benefits report filed with OSHPD.

The undersigned as a duly authorized agent of **FACILITY NAME**, does hereby certify the responses to each of the foregoing questions is true and correct. Signed this **DAY** day of **MONTH** in the year **YEAR**.

Signature _____

Title: _____