



Central Valley Health Network

SB 726 (Ashburn) Health care districts: rural hospitals: employment of physicians and surgeons

SB 726 would revise an existing pilot project that would provide an exemption to health care districts and rural hospitals from the corporate practice of medicine (CPM) ban. Under this pilot project, an unlimited number of physicians could be directly employed by health districts and rural hospitals.

Impact of SB 726 on preventive primary care services for the underserved populations

- A CPM exemption for health districts/rural hospitals to hire physicians directly does not create any new providers and will not properly address or solve the problem of physician shortage and distribution of qualified physicians. This bill however, will create additional barriers to access of quality primary care services.
- SB 726 would merely shift the health care settings providers currently practice in; moving physicians from preventive primary care settings, such as federally qualified health centers (FQHC) to a hospital environment traditionally providing acute and emergency services.
- This bill puts community health centers at risk of losing their physicians to the larger health district/hospital systems, as the number of individuals utilizing community health centers continues to increase due to California's economic downturn and increased levels of unemployment.
- If health districts/rural hospitals are given the authority to directly hire, it will create an environment where FQHCs will no longer be able to compete with the recruitment and retention of qualified physicians to meet the growing health care demands in underserved communities.
 - FQHCs are required to provide services to all individuals regardless of their ability to pay.
 - FQHCs provide linguistically and culturally appropriate care.
 - FQHCs are governed by a board of directors with a minimum of 51% of the board members being patients that utilize the health centers, therefore providing a patient centric manner of care.
- SB 726 will create an impact that could have a lasting effect on the ability of FQHCs to continue to meet the growing health care demands of their patients and millions of Californians across the state.

Solutions to the Physician Shortage

- Loan repayment and scholarship programs
- Provide adequate Medi-Cal reimbursement to private providers
- New medical schools- UC Merced Med School
- Expand residency program slots
- Create residency programs in underserved areas