
S.B. 442 (Ducheny) – Consolidated Community Clinic Licensure

Legislative Intent

The licensing and certification process continues to be a source of great difficulty and confusion for community clinics. Significant time and money is expended in activities that take away from the critical services clinic staff could and should be providing. Among the problems identified by community clinics are escalating fees, over-regulation, lack of accountability, inconsistent application of rules and regulations, and poor communication. While the operational structures for California's community clinics and health centers have evolved over the past decades, licensing regulation of primary care clinics has remained largely unchanged. Many clinic organizations operate multiple clinic sites, ranging in numbers from two to twenty-five, under the governance of a single board of directors and medical directorship and using common business practices, policies and procedures, and medical oversight. Under California law, each clinic site (with the exception of intermittent sites) must be separately licensed. The process for new clinic license applications and annual renewals for each clinic site is administratively burdensome, inefficient and does not take into account the role of the governing clinic organization in providing collective oversight to assure quality services.

This bill proposes to eliminate unnecessary administrative burdens by allowing clinics to operate multiple sites (not limited to intermittent sites) under one, consolidated license. Moving to a corporate, rather than site-based license, would represent a radical departure from the current licensing policy whereby each fixed physical plant/clinic site must operate under a different license, regardless of the fact that most large health clinic corporations share among sites the same policies and procedures, governing board, staff, and often patients. This proposal offers an important opportunity to streamline processes, reduce duplication, and promote administrative efficiency. Clinics will also find some precedent for the licensing and regulating of multi-site organizations under a single license in both the state's licensing of California's acute-care hospitals, as well as Joint Commission accreditation.

Advantages of Consolidated Licensure for Community Clinics

- Allows for expansion of clinic services in a timely way to meet growing needs in the community
- Reduces resources expended in arduous licensing application process
- Potential cost-savings to state due to streamlined reduced administrative burden
- Allows for consolidation of administrative functions in multi-site clinic organizations
- Eliminates duplication
- Potential for streamlined Medi-Cal enrollment
- Follows precedent set by hospitals and Joint Commission

Background

Primary care clinics are required to be licensed through the authority of the California Department of Public Health (DPH) Licensing & Certification Program (L&C). The L&C Program utilizes standards defined in state and federal law and regulations to evaluate health facility compliance. The licensing and certification process is intended to both ensure public safety at community clinics, and to prevent fraud and abuse of the Medi-Cal and Medicare billing systems. The Central Applications Unit at the state level in Sacramento is responsible for initial review of all licensing applications. Applications deemed complete are then passed to one of 15 regional district offices that perform site surveys, investigate complaints, and issue licenses if all requirements have been met.

There are numerous regulations that clinics must meet regarding building standards, drug storage and administration, administrative matters, basic services and staffing in order to obtain a license. At a minimum, the clinic must make the following documents available for review during the licensing survey: clinic policies and procedures, transfer agreements, service agreements, written administrative policies, employee records, employee health examinations and health records, a disaster response plan, and a quality assurance evaluation process. While the California Health and Safety Code, as well as other state and federal regulations, contains specific requirements for licensure to operate a primary care clinic, the L&C Program has over time developed numerous application forms, requirements for documentation, and a process for surveying clinic sites that are only tangentially related to the requirements. Due to changing requirements, lack of well-trained staff, inconsistent understanding of the program at the state and district offices, and the fact that primary care clinics represent only a small part of the L&C program, the application process is inconsistently implemented, and frequently confusing and time consuming for clinics.

Specific issues that contribute to the difficulties of the current process are:

- Delays in the processing of licensing applications often inhibit clinics from providing and/or billing for much-needed services in their communities.
- Uniform standards for approving licensing applications and surveying sites are not consistently applied by the Central Application Unit and District Offices.
- L&C continually expands and changes the list of forms and required attachments that clinics must complete and submit.
- The delegation of responsibility to District Offices by the Central Application Unit often leads to communication problems between clinics, regional licensing offices and the state office. Different District Offices, and even different staff members, interpret and apply regulations inconsistently.
- The lack of training required for clinic surveyors and the insufficient number of surveyors with clinic-specific training contributes to the inadequacy of the level of service received by clinics seeking licensure.
- Efforts to streamline and expedite the licensing process are misunderstood and misapplied by L&C leading to increased licensing delays for clinics that are often given incorrect information by misinformed licensing staff.