**SEC. 5.** Section 15438.10 is added to the Government Code, to read:

**15438.10.** (a) The Legislature finds and declares the following:

(1) Many Californians face serious obstacles in obtaining needed health care services, including, but not limited to, medical, mental health, dental, and preventive services. The obstacles faced by vulnerable populations and communities include existence of complex medical, physical, or social conditions, disabilities, economic disadvantage, and living in remote or underserved areas that make it difficult to access services.

(2) With the recent passage of national health care reform, there is an increased demand for innovative ways to deliver quality health care, including preventive services, to individuals in a cost-effective manner.

(3) There is a need to develop new methods of delivering health services utilizing innovative models that can be demonstrated to be effective and then replicated throughout California and that bring community-based health care preventive services to individuals where they live or receive education, social, or general health services.

(4) For more than 30 years, the California Health Facilities Financing Authority has provided financial assistance through tax-exempt bonds, low-interest loans, and grants to health facilities in California, assisting in the expansion of the availability of health services and health care facilities throughout the state.

(b) (1) Following the completion of a competitive selection process, the authority may award one or more grants that, in the aggregate, do not exceed one million five hundred thousand dollars ($1,500,000) to one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both, that are effective at enhancing health outcomes and improving access to quality health care and preventive services. These health care services may include, but are not limited to, medical, mental health, or dental services for the diagnosis, care, prevention, and treatment of human illness, or individuals with physical, mental, or developmental disabilities. More than one demonstration project may receive a grant pursuant to this section. It is the intent of the Legislature for a demonstration project that receives a grant to allow patients to receive screenings, diagnosis, or treatment in community settings, including, but not limited to, school-based health centers, adult day care centers, and residential care facilities for the elderly, or for individuals with mental illness or developmental disabilities.

(2) A grant awarded pursuant to this subdivision may be allocated in increments to a demonstration project over multiple years to ensure the demonstration project's ability to complete its work, as determined by the authority. Prior to the initial allocation of funds pursuant to this subdivision, the administrators of the demonstration project shall provide evidence that the demonstration project has or will have additional funds sufficient to ensure completion of the demonstration project. If the authority allocates a grant in increments, each subsequent year's allocation shall be provided to the demonstration project only upon submission of research that shows that the project is progressing toward the identification of a high-quality and cost-effective delivery model that improves health outcomes and access to quality health care and preventive services for vulnerable populations or communities, and can be replicated throughout the state in community settings.

(3) Except for a health facility that qualifies as a "small and rural hospital" pursuant to Section 124840 of the Health and Safety Code, a health facility that has received tax-exempt bond financing from the authority shall not be eligible to receive funds awarded for a demonstration project. Such a health facility may participate as an uncompensated partner or member of a collaborative effort that is awarded a demonstration project grant. A health facility that participates in a demonstration project that receives funds pursuant to this section may not claim the funding provided by the authority toward meeting its community benefit and charity care obligations.

(4) Funds provided to a demonstration project pursuant to this subdivision may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or grantees or any other member of a collaborative effort that has been awarded a demonstration project grant.

(c) (1) If a demonstration project that receives a grant pursuant to subdivision (b) is successful at developing a new method of delivering high-quality and cost-effective health care services in community settings that result in increased access to quality health care and preventive services or improved health care outcomes for vulnerable populations or communities, or both, then beginning as early as the second year after the initial allocation of moneys provided pursuant to subdivision (b), the authority may implement a second grant program that awards not more than five million dollars ($5,000,000), in the aggregate, to eligible recipients as defined by the authority, to replicate in additional California communities the model developed by a demonstration project that received a grant pursuant to subdivision (b). Prior to the implementation of this

second grant program, the authority shall prepare and provide a report to the Legislature and the Governor on the outcomes of the demonstration project. The report shall be made in accordance with Section 9795.

(2) If the authority implements the second grant program, the authority shall also report annually, beginning with the first year of implementation of the second grant program, to the Legislature and the Governor regarding the program, including, but not limited to, the total amount of grants issued pursuant to this subdivision, the amount of each grant issued, and a description of each project awarded funding for replication of the model.

(3) Grants under this subdivision may be utilized for eligible costs, as defined in subdivision (c) of Section 15432, including equipment, information technology, and working capital, as defined in subdivision (h) of Section 15432.

(4) The authority may adopt regulations relating to the grant program authorized pursuant to this subdivision, including regulations that define eligible recipients, eligible costs, and minimum and maximum grant amounts.

(d) (1) The authority shall prepare and provide a report to the Legislature and the Governor by January 1, 2014, on the outcomes of the demonstration grant program, including, but not limited to, the following:

(A) The total amount of grants issued.

(B) The amount of each grant issued.

(C) A description of other sources of funding for each project.

(D) A description of each project awarded funding.

(E) A description of project outcomes that demonstrate cost-effective delivery of health care services in community settings, that result in improved access to quality health care or improved health care outcomes.

(2) A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795.

(e) There is hereby created the California Health Access Model Program Account in the California Health Facilities Financing Authority Fund. All moneys in the account are hereby continuously appropriated to the authority for carrying out the purposes of this section. An amount of up to six million five hundred thousand dollars ($6,500,000) shall be transferred from funds in the California Health Facilities Financing Authority Fund that are not impressed with a trust for other purposes into the California Health Access Model Program Account for the purpose of issuing grants pursuant to this section. Any moneys remaining in the California Health Access Model Program Account on January 1, 2020, shall revert as of that date to the California Health Facilities Financing Authority Fund.

(f) Any recipient of a grant provided pursuant to subdivision (b) shall adhere to all applicable laws relating to scope of practice, licensure, staffing, and building codes.