



## **Frequently Asked Questions Regarding Sutter Medical Center of Santa Rosa's Proposed Revised Business Plan**

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**Question #1:** What is the action before the Sonoma County Board of Supervisors?

**Answer:** In 2004 Sutter Medical Center of Santa Rosa submitted to the Sonoma County Board of Supervisors a Business Plan which was approved. The Board is now being asked to approve a revised Business Plan. The most significant difference between the two proposals is the 2004 Business Plan provided for the construction of a 118-bed hospital on the Wells Fargo site, while Sutter's revised Business Plan proposes the construction of a 70-bed hospital on the Wells Fargo site.

**Question #2:** Will the land use issue(s) related to the proposed Wells Fargo Site be decided at the same time the Board makes a decision regarding the approval or disapproval of Sutter Medical Center of Santa Rosa's proposed revised Business Plan?

**Answer:** No. Land use issues including CEQA will go through the normal process for land use development in the unincorporated area of the County.

**Question #3:** Does the County provide any funding to Sutter Medical Center of Santa Rosa for the provision of services required under the HCAA to the uninsured, indigent or Government Programs?

**Answer:** No. Under the terms of the HCAA, the County of Sonoma does not provide any reimbursement to Sutter Medical Center of Santa Rosa for the provision of hospital services to the uninsured, indigent or individuals enrolled under a Government Program. Sutter Medical Center of Santa Rosa receives reimbursement from governmental entities for provision of hospital services to individuals enrolled in government programs, on the same basis as other hospitals in Sonoma County.

**Question #4:** There have been many references to the state's seismic safety law for hospitals. How can I find out more about this law?

**Answer:** The state's seismic safety law, commonly known as the Alquist Act or SB 1953 (Ch. 740, Stats 1994), required hospitals to seismically retrofit, replace or close older hospitals, and to submit plans for retrofit or replacement to the state (OSHPD) no later

than December 31, 2008. The 1996 Health Care Access Agreement required Sutter to submit a Business Plan to describe how it would comply with SB 1953: would it retrofit or replace the hospital? Sutter Submitted the required Business plan in 2004, proposing replacement 118-bed hospital. Sutter now seeks to replace that Business Plan with a Business Plan calling for a smaller (70 bed) hospital.

The Rand Corporation has prepared a paper on the seismic safety law for the California Healthcare Foundation: <http://www.chcf.org/documents/hospitals/SB1953Report.pdf>

More information can be found at the website of the California Hospital Association: <http://www.calhealth.org/public/press/node1.asp?ID=4>

The most detailed and up to date information can probably best be viewed at OSHPD's website: <http://www.oshpd.ca.gov/fdd/sb1953/index.html>

**Question #5:** Will the proposed newly constructed hospital on the Wells Fargo site be a county-owned facility?

**Answer:** No. If approved, the proposed newly constructed Sutter Medical Center of Santa Rosa on the Wells Fargo site will be a Sutter owned facility.

**Question #6:** Are physicians legally permitted to own a hospital?

**Answer:** Both state and federal law allow physician- owned hospitals under specified circumstances:

For federal law, here is a link to 42 CFR 411.357(d)(3), which is an exception to the Stark Law. The Stark Law regulates certain physician referrals, but this exception permits physicians to refer to hospitals that they own, if they are "authorized to perform services at the hospital."

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=e2a9546bd49fccc>

For state law, please see California Business and Professions Code Sections 650 through 657.

<http://www.leginfo.ca.gov/cgi-bin/waisgate?WAISdocID=1755234078+0+0+0&WA>

In particular, see Section 650(d)-a distribution to an owner-referring physician proportionate to the physician's ownership interest in the entity does not normally violate California's anti-kickback statute (the most commonly cited of those statutes is at B&P Code Section 650.) Also, see Section 650.02(c), which is an exception to California's 'baby Stark law' for all hospital services, subject to some restrictions.