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Michael Dowell Discusses Potential Impact of Proposition 44 on California Community Clinics

In *Law360 Healthcare Authority*

In The News | 1 min read
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Hinshaw partner Michael Dowell was quoted in a *Law360 Healthcare Authority* article discussing the potential effects of Proposition 44 on California nonprofit community clinics.

Proposition 44, which is on California's November ballot, would require nonprofit community clinics—including federally qualified health centers (FQHCs)—to devote at least 90 percent of their revenue to "program services" that advance their charitable mission. Clinics below that threshold would owe a penalty equal to the shortfall.

"Program Services" Uncertainty

Although "program services" is a term used on federal tax forms, the measure does not define it precisely. It would also authorize the California Attorney General to issue binding guidance on qualifying expenses.

Michael told *Law360* that uncertainty about which expenses qualify could prevent clinics from building reserves for technology upgrades and expansion.

"Program services can be defined in many different ways, and I think that the concern is how you define this," he said.

Broader Impact on California's Healthcare System

Michael also said clinics may scale back telehealth and other investments if they worry that those costs will be treated as administrative expenses. Regarding the 90 percent threshold, he said the "concept was good, but the threshold is unworkable."

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“It doesn’t leave a lot of room for management, technology, facilities, and other types of overhead,” he added.

Michael warned that the impact could extend beyond clinics. Closures or consolidations would leave low-income patients with fewer primary care options. Without preventive care, he said, those patients “are going to be hitting the hospital emergency rooms and urgent care centers,” increasing costs across California’s healthcare system.

Read the full article

- *Law360 Healthcare Authority:* “Calif. Clinics Grapple With Ballot Measure’s Uncertain Impact” (October 20, 2026)

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