AMENDED IN SENATE MAY 2, 2007

AMENDED IN SENATE APRIL 12, 2007

SENATE BILL No. 933

Introduced by Senator Wiggins

February 23, 2007

An act to repeal and add Section 14087.5 of, and to add Section 14084.5 to, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 933, as amended, Wiggins. Medi-Cal: health care.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, and which provides health care services, including hospital services, to qualified low-income recipients. The Medi-Cal program is partially governed and funded by federal Medicaid provisions.

Existing law authorizes the California Medical Assistance Commission to negotiate selective provider contracts with eligible hospitals to provide inpatient hospital services to Medi-Cal beneficiaries.

This bill would specify that when a hospital~~, whose executed selective provider contract permits an increase in reimbursement rates for services over the previous contract, obtains from a health plan an increase in the reimbursement rate or rates for services provided to the health plan's Medi-Cal enrollees, the commission shall adjust the rates paid pursuant to the contract to conform to the rates paid by the health plan~~ *receives an increase in its rate of reimbursement over the rates in the hospital's previous contract with the commission for services provided to Medi-Cal enrollees, the department shall also propose rates to a Medi-Cal managed care plan that reflect the full funding equivalent of the hospital's increased rate of reimbursement to ensure that the Medi-Cal*

managed care plans' rates of reimbursement are sufficient to cover the increased rates provided to the hospital.

Existing law authorizes the commission to negotiate exclusive contracts with any county that seeks to provide or arrange for the provision of Medi-Cal services.

This bill would repeal that authorization and would specify the requirements for rates negotiated between the ~~commission~~ *department* and county organized health systems.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 14084.5 is added to the Welfare and Institutions Code, to read:

~~14084.5. When a hospital whose executed selective provider contract with the commission permits an increase in the rate or rates of reimbursement for services over the rate or rates in the hospital's previous contract with the commission, obtains from a health plan an increase in the rate or rates of reimbursement for services provided to the health plan's Medi-Cal enrollees, the department shall adjust the rates paid pursuant to the hospital's contract to conform to the increased rate or rates paid by the health plan.~~

14084.5. When a hospital receives an increase in its rate of reimbursement over the rates in the hospital's previous contract with the California Medical Assistance Commission for services provided to Medi-Cal enrollees, the department shall also propose rates to a Medi-Cal managed care plan that reflect the full funding equivalent of the hospital's increased rate of reimbursement to ensure that the Medi-Cal managed care plans' rates of reimbursement are sufficient to cover the increased rates provided to the hospital. The full funding equivalent of increases provided to noncontracted hospitals through interim rate increases shall also be reflected in rates proposed to the Medi-Cal managed care plan.

SEC. 2. Section 14087.5 of the Welfare and Institutions Code is repealed.

SEC. 3. Section 14087.5 is added to the Welfare and Institutions Code, to read:

14087.5. (a) The ~~California Medical Assistance Commission~~ *department* shall negotiate rates on a timely basis. Proposed rates shall be presented to the county organized health system, as defined in Section 12693.05 of the Insurance Code, at least 60 days prior to the effective date of the rates. If capitation rates for county organized health system plans become effective after the commencement of the contract period, the department shall pay to any county organized health system plan that receives a rate increase the interest on the difference between the new rate and the current rate for the period of time between the commencement of the contract period and the effective date of the new rate. If capitation rates for county organized health system plans become effective after the commencement of the contract period and a county organized health system plan receives a new rate decrease, any overpayment by the department for the period of time between the commencement of the contract period and the effective date of the new rate shall not be recaptured by the state.

(b) When providing the county organized health systems with proposed contract rates the ~~commission~~ *department* shall provide all necessary rate information, including rate worksheets, used to calculate the proposed rates.

(c) Rates proposed by the ~~commission~~ *department* shall be actuarially sound and reflect only the estimated costs of providing health care services to enrollees. No other factors or rate reductions may be used in determining the rates or reflected in proposed rates.

(d) The ~~commission~~ *department* shall propose rates to a county organized health system that reflect the full funding equivalent of the fee for service rates established for long-term care services or any other services that the system is required to pass through to medical providers. These pass-through rates shall not include a budget adjustment factor nor any other factor not included in the fee-for-service rate determination.

(e) When a hospital receives an increase in its rate of reimbursement over the rates in the hospital's previous contract with the ~~commission~~ *California Medical Assistance Commission* for services provided to Medi-Cal enrollees, the ~~commission~~ *department* shall also propose rates to a county organized health system that reflect the full funding equivalent of the hospital's increased rate of reimbursement to ensure that the county organized health system's rates of reimbursement are sufficient to cover the

increased rates provided to the hospital. The full funding equivalent of increases provided to noncontracted hospitals through interim rate increases shall also be reflected in rates proposed to the county organized health system.

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