

AMENDED IN ASSEMBLY JUNE 10, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1398

Introduced by Assembly Member Papan

February 26, 1999

~~An act to amend Section 14105.3 of the Welfare and Institutions Code, relating to health. An act to add Section 23028 to the Government Code, relating to the San Francisco Public Utilities Commission.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1398, as amended, Papan. ~~Medi-Cal: administration~~
San Francisco Public Utilities Commission: water rates.

(1) *Under existing law, the San Francisco Public Utilities Commission supplies water at wholesale to various retail water suppliers.*

This bill would require the commission to prescribe rates for the sale of water at wholesale that reflect the proportional cost of delivering water to retail water suppliers, thereby imposing a state-mandated local program.

(2) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.*

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. Existing law relating to the administration of the Medi-Cal program requires the department to contract with manufacturers of single source drugs on a negotiated basis, and with manufacturers of multisource drugs on a bid or negotiated basis.~~

~~This bill would make technical, nonsubstantive changes to the above provisions.~~

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

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

- 1 ~~SECTION 1. Section 14105.3 of the Welfare and~~
- 2 *SECTION 1. Section 23028 is added to the*
- 3 *Government Code, to read:*
- 4 *23028. The San Francisco Public Utilities Commission*
- 5 *shall prescribe rates for the sale of water at wholesale that*
- 6 *reflect the proportional cost of delivering water to retail*
- 7 *water suppliers.*
- 8 *SEC. 2. Notwithstanding Section 17610 of the*
- 9 *Government Code, if the Commission on State Mandates*
- 10 *determines that this act contains costs mandated by the*
- 11 *state, reimbursement to local agencies and school*
- 12 *districts for those costs shall be made pursuant to Part 7*
- 13 *(commencing with Section 17500) of Division 4 of Title*
- 14 *2 of the Government Code. If the statewide cost of the*
- 15 *claim for reimbursement does not exceed one million*
- 16 *dollars (\$1,000,000), reimbursement shall be made from*
- 17 *the State Mandates Claims Fund.*
- 18 ~~Institutions Code is amended to read:~~
- 19 ~~14105.3. (a) The department is considered to be the~~
- 20 ~~purchaser, but not the dispenser or distributor, of~~

1 ~~prescribed drugs under the Medi-Cal program for the~~
2 ~~purpose of enabling the department to obtain from~~
3 ~~manufacturers of prescribed drugs the most favorable~~
4 ~~price for those drugs furnished by one or more~~
5 ~~manufacturers, based upon the large quantity of such~~
6 ~~drugs purchased under the Medi-Cal program, and to~~
7 ~~enable the department, notwithstanding any other~~
8 ~~provision of California law, to obtain from the~~
9 ~~manufacturers discounts, rebates, or refunds based on~~
10 ~~quantities purchased under the program, insofar as may~~
11 ~~be permissible under federal law. Nothing in this section~~
12 ~~shall interfere with usual and customary distribution~~
13 ~~practices in the drug industry.~~

14 ~~(b) The department may enter into exclusive or~~
15 ~~nonexclusive contracts on a bid or negotiated basis with~~
16 ~~manufacturers, distributors, dispensers, or suppliers of~~
17 ~~appliances, durable medical equipment, medical~~
18 ~~supplies, and other product-type health care services and~~
19 ~~with laboratories for clinical laboratory services for the~~
20 ~~purpose of obtaining the most favorable prices to the state~~
21 ~~and to assure adequate quality of the product or service.~~
22 ~~This subdivision shall not apply to pharmacies licensed~~
23 ~~pursuant to Section 4080 of the Business and Professions~~
24 ~~Code.~~

25 ~~(c) The department shall begin negotiation for~~
26 ~~contracts with manufacturers of durable medical~~
27 ~~equipment and for contracts with clinical laboratories for~~
28 ~~the provision of clinical laboratory services not later than~~
29 ~~August 31, 1993. The department shall not enter into a~~
30 ~~contract with a clinical laboratory unless the clinical~~
31 ~~laboratory is licensed pursuant to California state law or~~
32 ~~certified under Section 263a of Title 42 of the United~~
33 ~~States Code.~~

34 ~~(d) The department shall contract with~~
35 ~~manufacturers of single-source drugs on a negotiated~~
36 ~~basis and with manufacturers of multisource drugs on a~~
37 ~~bid or negotiated basis.~~

38 ~~(e) In order to achieve maximum cost savings the~~
39 ~~Legislature hereby determines that an expedited~~
40 ~~contract process for contracts under this section is~~

1 ~~necessary. Therefore contracts under this section shall be~~
2 ~~exempt from Chapter 2 (commencing with Section~~
3 ~~10290) of Part 2 of Division 2 of the Public Contract Code.~~
4 ~~Contracts shall have no force and effect unless approved~~
5 ~~by the Department of Finance.~~

6 ~~(f) The department may contract with less than all~~
7 ~~manufacturers or clinical laboratories including only one~~
8 ~~manufacturer or clinical laboratory, on a bid or nonbid~~
9 ~~basis.~~

