

AMENDED IN SENATE MAY 27, 2005

AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 21, 2005

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 328

Introduced by Senator Cedillo

February 16, 2005

An act to add Section 14084.5 to the Welfare and Institutions Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 328, as amended, Cedillo. Health facilities: Medi-Cal reimbursement: selective provider contracts.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons are provided with health care benefits, including hospital services.

Existing law authorizes the special negotiator to negotiate selective provider contracts with eligible hospitals to provide inpatient hospital services to Medi-Cal beneficiaries.

The bill would require the special negotiator, in negotiating selective provider contracts, to *provide payments that take into consideration the reimbursement issues faced by cost of providing care for any hospital that is not a disproportionate share hospital and that qualifies for funding as a disproportionate share hospital or, if not so qualified, meets either of 2 sets of specified conditions; including that the hospital has for the previous 3 years been a contracting hospital providing basic emergency services or*

~~comprehensive emergency medical services, maintained obstetrical services and a neonatal intensive care unit, and sustained a minimum level of operating losses.~~

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

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

1 *SECTION 1. The Legislature finds and declares that the*
2 *viability of hospitals that serve low income patients and provide*
3 *vital services to disadvantaged patients is critical to the health of*
4 *all Californians.*

5 *To further the Legislature’s goal of supporting hospitals that*
6 *qualify for funds pursuant to Section 14105.98 of the Welfare and*
7 *Institutions Code or any successor statute and of ensuring the*
8 *continuation of hospitals that do not receive that funding but are*
9 *essential providers of services to low income patients, the*
10 *Legislature hereby enacts protections and policies pertaining to*
11 *both types of hospitals.*

12 ~~SECTION 1.—~~

13 *SEC. 2.* Section 14084.5 is added to the Welfare and
14 Institutions Code, to read:

15 14084.5. (a) The special negotiator, in negotiating contracts,
16 shall *provide payments that take into consideration the*
17 ~~reimbursement issues faced by any hospital that is not a~~
18 ~~disproportionate share hospital and that meets all of the following~~
19 ~~criteria:~~ *cost of providing for any hospital that comes within one*
20 *of the following three categories:*

21 (1) *Qualifies for funding pursuant to Section 14105.98 or any*
22 *successor statute.*

23 (2) *Does not qualify for funding pursuant to Section 14105.98*
24 *or any successor statute but meets all of the following criteria:*

25 (1)

26 (A) *Is a contracting hospital under this article and has been for*
27 *the previous three years.*

28 (2) ~~Is located within five miles of a county operated general~~
29 ~~acute care hospital licensed pursuant to Section 1250 of the~~
30 ~~Health and Safety Code.~~

31 (3) ~~Had 7,000 inpatient acute care, excluding psychiatric and~~
32 ~~rehabilitation, Medi-Cal days or more in the previous year.~~

- 1 ~~(4) Is, and has been for the previous three years, either one of~~
2 ~~the following:~~
3 *(B) Is either one of the following:*
4 ~~(A)~~
5 *(i) A licensed provider of basic emergency services as*
6 *described in Sections 70411 and following of Title 22 of the*
7 *California Code of Regulations.*
8 ~~(B)~~
9 *(ii) A licensed provider of comprehensive emergency medical*
10 *services as defined in Sections 70451 and following of Title 22*
11 *of the California Code of Regulations.*
12 ~~(5)~~
13 *(C) Had at least 20,000 emergency department visits in the*
14 *prior year.*
15 ~~(6)~~
16 *(D) Has an existing obstetrical services and a neonatal*
17 *intensive care unit and has had these services for the previous*
18 *three years.*
19 ~~(7)~~
20 *(E) Has a sustained operating loss, excluding the payments*
21 *received from Medi-Cal pursuant to this section and all*
22 *nonoperating revenues, including donations and income from*
23 *investments, of three million dollars (\$3,000,000) or more a year*
24 *for each of the most recent three years as reflected in the*
25 *hospital's audited financial statements.*
26 *(3) Does not qualify for funding pursuant to Section 14105.98*
27 *or any successor statute, but meets all of the following criteria:*
28 *(A) Has been designated a rural hospital by the Office of*
29 *Statewide Health Planning and Development.*
30 *(B) Is either of the following:*
31 *(i) A licensed provider of basic emergency services as*
32 *described in Sections 70411 and following of Title 22 of the*
33 *California Code of Regulations.*
34 *(ii) A licensed provider of comprehensive emergency medical*
35 *services as defined in Sections 70451 and following of Title 22 of*
36 *the California Code of Regulations.*
37 *(C) Has sustained an operating loss, excluding the payments*
38 *received from Medi-Cal pursuant to this section and all*
39 *nonoperating revenues, including donations and income from*

1 *investments, for each of the most recent three years as reflected*
2 *in the hospital's audited financial statements.*

3 (b) The contract term may be set at the discretion of the
4 special negotiator and the hospital, but shall not be less than one
5 year.

6 (c) The department shall seek federal financial participation
7 for expenditures made pursuant to this section to the full extent
8 permitted by federal law.

9 (d) The department shall promptly seek any necessary federal
10 approvals regarding this section.

11 ~~(e) This section shall not apply to any hospital that is eligible~~
12 ~~for Medi-Cal supplemental payments under Section 14085.6 or~~
13 ~~any other program established under the selective provider~~
14 ~~contracting program pursuant to a federal waiver.~~