

AMENDED IN SENATE JANUARY 17, 2008

AMENDED IN SENATE AUGUST 23, 2007

AMENDED IN SENATE JULY 2, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 55

Introduced by Assembly Member Dymally

December 4, 2006

~~An act to add Chapter 5.5 (commencing with Section 101855) to Part 4 of Division 101 of the Health and Safety Code, relating to health care, An act to amend Section 14105.3 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 55, as amended, Dymally. ~~Los Angeles County Hospital Authority-Medi-Cal: hearing aids.~~

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, and which provides qualified low-income persons with health care services. Existing law contains provisions governing the reimbursement of hearing aids under the Medi-Cal program.

Existing law requires the department, on or before June 30, 2008, to enter into exclusive or nonexclusive contracts, on a bid or negotiated basis, for purchasing hearing aid appliances.

This bill would repeal that requirement.

~~Existing law authorizes the boards of supervisors of certain counties to establish a hospital authority for the management, administration, and control of certain medical facilities.~~

~~This bill would authorize the Board of Supervisors of the County of Los Angeles to establish, by ordinance, a hospital authority for the management, administration, and control of the Martin Luther King Jr. Harbor Medical Center, as specified.~~

~~The bill would require medical center employees to be considered employees of the county, as provided.~~

~~This bill would make legislative findings and declarations regarding the unique and special circumstances of this legislation.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

~~Vote: 2/3. Appropriation: no. Fiscal committee: no-yes.
State-mandated local program: no.~~

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

1 SECTION 1. Section 14105.3 of the Welfare and Institutions
2 Code is amended to read:
3 14105.3. (a) The department is considered to be the purchaser,
4 but not the dispenser or distributor, of prescribed drugs under the
5 Medi-Cal program for the purpose of enabling the department to
6 obtain from manufacturers of prescribed drugs the most favorable
7 price for those drugs furnished by one or more manufacturers,
8 based upon the large quantity of the drugs purchased under the
9 Medi-Cal program, and to enable the department, notwithstanding
10 any other provision of state law, to obtain from the manufacturers
11 discounts, rebates, or refunds based on the quantities purchased
12 under the program, insofar as may be permissible under federal
13 law. Nothing in this section shall interfere with usual and
14 customary distribution practices in the drug industry.
15 (b) The department may enter into exclusive or nonexclusive
16 contracts on a bid or negotiated basis with manufacturers,
17 distributors, dispensers, or suppliers of appliances, durable medical
18 equipment, medical supplies, and other product-type health care
19 services and with laboratories for clinical laboratory services for
20 the purpose of obtaining the most favorable prices to the state and
21 to assure adequate quality of the product or service. This
22 subdivision shall not apply to pharmacies licensed pursuant to
23 Section 4080 of the Business and Professions Code.
24 (c) Notwithstanding subdivision (b), the department may not
25 enter into a contract with a clinical laboratory unless the clinical

1 laboratory operates in conformity with Chapter 3 (commencing
2 with Section 1200) of Division 2 of the Business and Professions
3 Code and the regulations adopted thereunder, and Section 263a of
4 Title 42 of the United States Code and the regulations adopted
5 thereunder.

6 (d) The department shall contract with manufacturers of
7 single-source drugs on a negotiated basis, and with manufacturers
8 of multisource drugs on a bid or negotiated basis.

9 ~~(e) In order to ensure and improve access by Medi-Cal~~
10 ~~beneficiaries to both hearing aid appliances and provider services,~~
11 ~~and to ensure that the state obtains the most favorable prices, the~~
12 ~~department, by June 30, 2008, shall enter into exclusive or~~
13 ~~nonexclusive contracts, on a bid or negotiated basis, for purchasing~~
14 ~~hearing aid appliances.~~

15 ~~(f)~~

16 (e) In carrying out contracting activity for this or any section
17 associated with the Medi-Cal list of contract drugs, notwithstanding
18 Section 19130 of the Government Code, the department may
19 contract, either directly or through the fiscal intermediary, for
20 pharmacy consultant staff necessary to accomplish the contracting
21 process or treatment authorization request reviews. The fiscal
22 intermediary contract, including any contract amendment, system
23 change pursuant to a change order, and project or systems
24 development notice shall be exempt from Part 2 (commencing
25 with Section 10100) of Division 2 of the Public Contract Code,
26 Chapter 7 (commencing with Section 11700) of Part 1 of Division
27 3 of Title 2 of the Government Code, and any policies, procedures,
28 or regulations authorized by these provisions.

29 ~~(g)~~

30 (f) In order to achieve maximum cost savings the Legislature
31 hereby determines that an expedited contract process for contracts
32 under this section is necessary. Therefore contracts under this
33 section shall be exempt from Chapter 2 (commencing with Section
34 10290) of Part 2 of Division 2 of the Public Contract Code.

35 ~~(h)~~

36 (g) For purposes of implementing the contracting provisions
37 specified in this section, the department shall do all of the
38 following:

1 (1) Ensure adequate access for Medi-Cal patients to quality
2 laboratory testing services in the geographic regions of the state
3 where contracting occurs.

4 (2) Consult with the statewide association of clinical laboratories
5 and other appropriate stakeholders on the implementation of the
6 contracting provisions specified in this section to ensure maximum
7 access for Medi-Cal patients consistent with the savings targets
8 projected by the 2002–03 Budget Conference Committee for
9 clinical laboratory services provided under the Medi-Cal program.

10 (3) Consider which types of laboratories are appropriate for
11 implementing the contracting provisions specified in this section,
12 including independent laboratories, outreach laboratory programs
13 of hospital based laboratories, clinic laboratories, physician office
14 laboratories, and group practice laboratories.

15 *SEC. 2. This act is an urgency statute necessary for the*
16 *immediate preservation of the public peace, health, or safety within*
17 *the meaning of Article IV of the Constitution and shall go into*
18 *immediate effect. The facts constituting the necessity are:*

19 *In order to ensure hearing aid appliances and provider services*
20 *remain readily available to Medi-Cal beneficiaries, it is necessary*
21 *that this act take effect immediately.*

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, August 23, 2007 (JR11)**