

AMENDED IN SENATE APRIL 7, 2008

**SENATE BILL**

**No. 1332**

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**Introduced by Senator Negrete McLeod**

February 20, 2008

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An act to add *and repeal* Article 2.75 (commencing with Section 14087.481) ~~to~~ of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1332, as amended, Negrete McLeod. Medi-Cal: managed care.

Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which basic health care services are provided to qualified low-income persons.

*Existing law allows the department to contract with one or more prepaid health plans in order to provide Medi-Cal benefits.*

*Existing law allows the Director of Health Care Services to contract with any qualified individual, organization, or entity, including counties, to provide services to, or arrange for or case manage the care of, Medi-Cal beneficiaries.*

This bill would establish the Medi-Cal Managed Care Pilot Program. *Under this program, until July 31, 2015, and subject to the receipt of any necessary federal waivers, the department would require seniors and persons with disabilities in the Counties of Riverside and San Bernardino who are not expressly excluded from enrollment to enroll in a Medi-Cal managed care health plan. The bill would require the department, by March 1, 2009, to complete an implementation plan containing specified elements and prepared in consultation with a local stakeholder advisory committee, which this bill would require the department to convene in accordance with specified criteria, and to*

*take certain other actions relating to the development of the pilot program. The bill would impose various requirements on managed care plans participating in the program. The bill would require the department to seek federal approval for the program, and to conduct and, by March 1, 2014, report to the Legislature the results of, an evaluation of the program, and would require the department to administer the program in accordance with the intent of the Legislature to provide a defined process, including legislative oversight and review, to ensure that the state and federal governments meet their obligations to provide full access to adequate health care to low-income seniors and persons with disabilities and to improve the quality of health care for those persons, as specified.*

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. Article 2.75 (commencing with Section  
2 14087.481) is added to Chapter 7 of Part 3 of Division 9 of the  
3 Welfare and Institutions Code, to read:

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5 Article 2.75. Medi-Cal Managed Care Pilot Program

6

7 14087.481. (a) *It is the intent of the Legislature in enacting*  
8 *this article to improve the quality of health care for seniors and*  
9 *persons with disabilities by testing standards for timely access to*  
10 *care, enrollee assistance, appropriate accommodations, and other*  
11 *measures through the pilot program authorized by this article,*  
12 *and to provide for an evaluation of the results.*

13 (b) *It is further the intent of the Legislature that the pilot*  
14 *program be conducted in the Counties of Riverside and San*  
15 *Bernardino in a manner that does all of the following:*

16 (1) *Recognizes the multiple and complex needs of low-income*  
17 *seniors and persons with disabilities, including the need for*  
18 *specialized care and out-of-network services.*

19 (2) *Provides exemptions for individuals with a medical condition*  
20 *that would not be adequately served by the pilot program.*

21 (3) *Respects and maintains enrollees' existing, longstanding*  
22 *provider relationships whenever possible.*

- 1 (4) *Focuses on prevention and wellness programs to improve*  
2 *health outcomes for seniors and persons with disabilities.*
- 3 (5) *Tests performance standards for Medi-Cal managed care*  
4 *plans that address the specific needs of seniors and persons with*  
5 *disabilities.*
- 6 (6) *Tests clinical and service measures to ensure that Medi-Cal*  
7 *beneficiaries receive appropriate care and are provided assistance*  
8 *in obtaining access to care.*
- 9 (7) *Identifies best practices for providing health care services*  
10 *to low-income seniors and persons with disabilities.*
- 11 (8) *Involves stakeholders in planning, implementation, and*  
12 *evaluation.*
- 13 (9) *Provides sufficient compensation for coordination of care*  
14 *among multiple providers and care management by providers.*
- 15 (10) *Provides sufficient payment rates to attract and retain*  
16 *providers, particularly those with specialized expertise in providing*  
17 *care to seniors and persons with disabilities.*
- 18 (11) *Promotes accessibility, including physical and*  
19 *communications access, for all seniors and persons with*  
20 *disabilities.*
- 21 14087.482. (a) *For purposes of this article, the following*  
22 *definitions shall apply:*
- 23 (1) *“Medi-Cal managed care plan contracts” means those*  
24 *contracts entered into with the department by any individual,*  
25 *organization, or entity pursuant to Article 2.7 (commencing with*  
26 *Section 14087.3), Article 2.8 (commencing with Section 14087.5),*  
27 *or Article 2.91 (commencing with Section 14089) of this chapter,*  
28 *or Article 1 (commencing with Section 14200) or Article 7*  
29 *(commencing with Section 14490) of Chapter 8.*
- 30 (2) *“Medi-Cal managed care health plan” means an individual,*  
31 *organization, or entity operating under a Medi-Cal managed care*  
32 *plan contract with the department under this chapter or Chapter*  
33 *8 (commencing with Section 14200), which is licensed as a full*  
34 *service health care service plan in compliance with the Knox-Keene*  
35 *Health Care Service Plan Act of 1975.*
- 36 (3) *“Seniors and persons with disabilities” means Medi-Cal*  
37 *beneficiaries eligible for benefits through age, blindness, or*  
38 *disability, as defined in Title XVI of the Social Security Act (42*  
39 *U.S.C. Sec. 1381 et seq.).*

1 (4) “Excluded persons” means persons who are simultaneously  
2 qualified for full benefits under Title XIX of the Social Security  
3 Act (42 U.S.C. Sec. 1396 et seq.) and Title XVIII of the Social  
4 Security Act (42 U.S.C. Sec. 1395 et seq.), persons who are eligible  
5 for Medi-Cal with a share of cost, except to the extent that these  
6 persons are made mandatory enrollees in a Medi-Cal managed  
7 care health plan under Article 2.8 (commencing with Section  
8 14087.5), persons enrolled in the California Children’s Services  
9 Program under Article 5 (commencing with Section 123800) of  
10 Chapter 3 of Part 2 of Division 106 of the Health and Safety Code,  
11 and persons who, at the time they are to be mandatorily enrolled  
12 in the pilot program described in this article, are either on a major  
13 organ, except kidney, transplant list or in one of the following  
14 home- and community-based waivers under Section 1396n of Title  
15 42 of the United States Code:

16 (A) In-Home Medical Care Waiver.

17 (B) Nursing Facility Subacute Waiver.

18 (C) Nursing Facility Level A/B Waiver.

19 (b) (1) Notwithstanding subparagraph (B) of paragraph (1) of  
20 subdivision (c) of Section 14089, and paragraph (3) of subdivision  
21 (b) of Section 53845 of, subparagraph (A) of paragraph (3) of  
22 subdivision (b) of Section 53906 of, and subdivision (a) of Section  
23 53921 of, Title 22 of the California Code of Regulations, and  
24 subject to subdivision (c), the department shall require that seniors  
25 and persons with disabilities who reside in the Counties of  
26 Riverside and San Bernardino and who are not excluded persons,  
27 as defined in paragraph (4) of subdivision (a), be required to enroll  
28 in a Medi-Cal managed care health plan in accordance with the  
29 requirements set forth in this article and consistent with applicable  
30 state and federal laws. This article shall not be implemented in a  
31 county without the official endorsement of that county’s  
32 county-operated public hospital. Access to fee-for-service Medi-Cal  
33 shall not be terminated until the enrollee has completed any care  
34 to be provided under the continuity of care provisions.

35 (2) Nothing in this subdivision is intended to limit existing  
36 authority provided by Article 2.8 (commencing with Section  
37 14087.5).

38 (c) The department shall seek all necessary federal waivers to  
39 implement this article. The department shall submit to the  
40 Legislature all proposed state plan amendments, waiver

1 *amendments, and waiver applications, including amendments to*  
2 *the Medicaid state plan specifically outlining the reimbursement*  
3 *methodology developed pursuant to this article.*

4 *14087.483. No later than March 1, 2009, the department shall*  
5 *develop an implementation plan for compliance with this article.*  
6 *The implementation plan shall be developed in consultation with*  
7 *the stakeholder advisory committee established pursuant to Section*  
8 *14087.484. The implementation plan shall specifically address the*  
9 *multiple and complex needs of seniors and persons with disabilities,*  
10 *and the specific strategies the department will use to ensure the*  
11 *provision of quality, accessible health care services under the pilot*  
12 *program, including at least all of the following elements:*

13 *(a) (1) Criteria, performance standards, and indicators to*  
14 *ensure compliance with this article. The performance standards*  
15 *shall incorporate, at a minimum, existing statutory and regulatory*  
16 *requirements and protections applicable to two-plan model and*  
17 *geographic managed care plans, as well as those protections*  
18 *available under the Knox-Keene Health Care Service Plan Act of*  
19 *1975 (Chapter 2.2 (commencing with Section 1340) of Division 2*  
20 *of the Health and Safety Code; the Knox-Keene Act), but, in*  
21 *addition, shall include specific standards in all of the following*  
22 *areas:*

23 *(A) Plan readiness.*

24 *(B) Availability and accessibility of services, including physical*  
25 *access and communication access.*

26 *(C) Benefit management and scope of services.*

27 *(D) Care coordination and care management.*

28 *(E) Beneficiary participation.*

29 *(F) Continuity of care, as described in Section 1373.96 of the*  
30 *Health and Safety Code.*

31 *(G) Measurement and improvement of health outcomes.*

32 *(H) Marketing, assignment, enrollment, and disenrollment.*

33 *(I) Network capacity, including travel time and distance and*  
34 *specialty care access.*

35 *(J) Performance measurement and improvement.*

36 *(K) Provider grievances and appeals, in accordance with*  
37 *subdivision (e).*

38 *(L) Quality care.*

39 *(M) Recordkeeping and reporting.*

1 (2) Any standards developed in addition to those described in  
2 paragraph (1) shall be guided by the Performance Standards for  
3 Medi-Cal Managed Care Organizations Serving People with  
4 Disabilities and Chronic Conditions, published by the California  
5 Health Care Foundation, November 2005.

6 (b) (1) A process and timeline for enrollment and beneficiary  
7 selection of a health plan. The department shall assess and revise  
8 the health care options and enrollment process established  
9 pursuant to Section 14016.5 as necessary to ensure that they  
10 effectively meet the diverse and specific needs of seniors and  
11 persons with disabilities. The department shall explore the  
12 feasibility of developing a broker or enrollment support system to  
13 provide assistance to seniors and persons with disabilities who  
14 need enrollment assistance.

15 (2) The enrollment process developed pursuant to this  
16 subdivision shall include both of the following:

17 (A) Transition standards to ensure that there is no disruption  
18 in access to health care during the transition and enrollment  
19 process, and to ensure that Medi-Cal beneficiaries receive  
20 information and assistance related to their rights, including, but  
21 not limited to, the right to request any medical exemption or  
22 procedure to delay or avoid mandatory enrollment in the pilot  
23 program when necessary, in accordance with the portion of the  
24 implementation plan developed pursuant to subdivision (h).

25 (B) Identification of categories of seniors and persons with  
26 disabilities who may need special assistance in the enrollment  
27 process and those with special health care needs or other  
28 conditions that warrant immediate contact by a plan at initial  
29 enrollment. In identifying these categories, the department shall  
30 include a review of fee-for-service Medi-Cal claims data and  
31 diagnosis codes, and a review of all known information from other  
32 programs and services providing assistance to seniors and persons  
33 with disabilities.

34 (c) Requirements for the coordination of services under  
35 managed care plans for beneficiaries receiving services from other  
36 state or local government programs or institutions.

37 (d) An appropriate awareness and sensitivity training program  
38 regarding the multiple and complex needs of seniors and persons  
39 with disabilities for all staff in the department's Medi-Cal Managed

1 *Care Office of the Ombudsman, in consultation with the*  
2 *stakeholder committee established under this article.*

3 *(e) (1) A system for tracking, reporting, responding to, and*  
4 *resolving complaints or requests for assistance in a timely manner.*  
5 *The system shall be available 24 hours a day, seven days a week,*  
6 *shall include a statewide, toll-free “800” telephone hotline, and*  
7 *shall be accessible to those persons needing language assistance*  
8 *and those requiring adaptive technology. Urgent complaints shall*  
9 *be resolved within 24 hours and nonurgent complaints shall be*  
10 *resolved within 30 days. If complaints are not resolved within these*  
11 *periods, the enrollee may, at his or her discretion, disenroll from*  
12 *mandatory managed care and choose either another managed*  
13 *care plan available in his or her geographic region or may return*  
14 *to fee-for-service Medi-Cal. Enrollees shall be informed of this*  
15 *right at the time the complaint is made.*

16 *(2) The department shall develop and coordinate the response*  
17 *system and hotline in consultation with the Department of Managed*  
18 *Health Care’s HMO Help Center and the Health Insurance*  
19 *Counseling and Advocacy Program administered by the California*  
20 *Department of Aging. The department shall also require*  
21 *contracting health plans to establish internal patient advocate*  
22 *programs specifically available and accessible to persons with*  
23 *disabilities subject to mandatory enrollment in managed care.*

24 *(3) The complaint information shall be available to the*  
25 *stakeholder committee established under this article.*

26 *(f) All notices and administrative procedures at the departmental*  
27 *and health plan level shall be accessible to seniors or persons with*  
28 *disabilities through methods that may include, assistive listening*  
29 *devices, sign language interpreters, and translation in appropriate*  
30 *languages.*

31 *(g) Require that Medi-Cal managed care beneficiaries retain*  
32 *and are informed of all rights to grievances and appeals available*  
33 *under state and federal laws and regulations.*

34 *(h) An outreach and education program for seniors and persons*  
35 *with disabilities regarding enrollment options, rights and*  
36 *responsibilities under the pilot program, and the criteria for a*  
37 *medical exemption under this article. The outreach and education*  
38 *program shall be developed in consultation with the local*  
39 *stakeholder committee, established pursuant to Section 14087.484,*  
40 *and shall include strategies to inform and coordinate with*

1 *community organizations providing services to seniors and persons*  
2 *with disabilities.*

3 (i) (1) *The system for assessing, tracking, and enforcing the*  
4 *performance standards developed pursuant to this article.*  
5 *Compliance with the standards shall be a condition of contracting*  
6 *for Medi-Cal managed care, and the department shall ensure*  
7 *ongoing compliance of managed care plans consistent with the*  
8 *requirements of this article. The department shall cease new*  
9 *enrollments in any health plan that it finds is not in substantial*  
10 *compliance with this article, and may cease enrollment in a health*  
11 *plan that fails to meet any provision of this article if the department*  
12 *determines that the failure to comply jeopardizes the health, safety,*  
13 *or access to quality care for beneficiaries.*

14 (2) *If enrollment is ceased pursuant to subparagraph (A), the*  
15 *department shall ensure that the beneficiary may enroll in another*  
16 *managed care plan, or if no other managed care plan is available,*  
17 *the beneficiary may enroll in fee-for-service Medi-Cal.*

18 (j) *The written policies and procedures that apply when a health*  
19 *plan or its contracting providers are unable to provide timely*  
20 *access to services to enrolled Medi-Cal beneficiaries.*

21 (k) *The specific methodology for developing capitation rates*  
22 *for Medi-Cal managed care plans enrolling seniors and persons*  
23 *with disabilities, including any adjustments that may be proposed*  
24 *to those rates for budgetary reasons. The methodology shall ensure*  
25 *that rates are actuarially sound and comply with Section 438.6(c)*  
26 *of Title 42 of the Code of Federal Regulations. The department*  
27 *shall ensure that the development of rates is based on data specific*  
28 *to seniors and persons with disabilities.*

29 (1) *In determining and evaluating capitation rates, the*  
30 *department shall take into account the full range of reimbursements*  
31 *for all covered medical procedures and services.*

32 (2) *The director may require Medi-Cal managed care health*  
33 *plans to submit financial and utilization data, as deemed necessary.*  
34 *The department shall ensure that the submission of financial and*  
35 *utilization data does not place an undue burden on the health*  
36 *plans' ability to provide comprehensive, patient-centered care to*  
37 *all enrollees regardless of disability.*

38 (3) *The department shall develop a process for initial ratesetting,*  
39 *and for adjusting the capitation rates on an ongoing basis, to meet*  
40 *the restorative and health maintenance needs of seniors and*

1 *persons with disabilities. The rate setting details shall be submitted*  
2 *to the Legislature on an annual basis.*

3 *(4) At least 120 days prior to the effective date of any contract*  
4 *with a managed care plan pursuant to this article, and annually*  
5 *thereafter, the department shall do all of the following:*

6 *(A) Provide the managed care plan with the opportunity to*  
7 *review and comment on the rate development methodology prior*  
8 *to the contract year for which the rates will be paid.*

9 *(B) Provide the managed care plan with the opportunity to*  
10 *provide comment on the draft rates and the rate manual providing*  
11 *the basis for those rates.*

12 *(C) Respond to managed care plan comments on the draft rates.*

13 *(5) Capitation rates shall be finalized prior to the contract year*  
14 *for which the rates will be paid, and shall be reviewed and updated*  
15 *at least annually to reflect changes in cost and utilization.*

16 *(6) If the department determines that the capitation rate is not*  
17 *sufficient to ensure an adequate network of providers to meet the*  
18 *needs of seniors and persons with disabilities, the department shall*  
19 *adjust the capitation rate to ensure an adequate network.*

20 *(l) Budgetary projections of the effect of managed care*  
21 *expansion pursuant to this article on the total Medi-Cal budget*  
22 *for the 2009–10 to 2013–14, inclusive, fiscal years, including an*  
23 *evaluation of the cost-effectiveness of the expansion compared to*  
24 *providing Medi-Cal coverage to the same beneficiaries in*  
25 *fee-for-service Medi-Cal.*

26 *(m) The process and timeline for outreach, education,*  
27 *enrollment, and beneficiary selection of health plans and providers,*  
28 *including the health care options process and policies for assigning*  
29 *beneficiaries who do not choose a health plan within 30 days. The*  
30 *department shall develop assignment distribution policies*  
31 *consistent with Section 14087.489.*

32 *(n) Outline any specific changes needed to the existing two-plan*  
33 *model's medical exemption process to accommodate seniors and*  
34 *persons with a disability, by addressing at least all of the following:*

35 *(1) The conditions necessary to be eligible for a medical*  
36 *exemption from the pilot program.*

37 *(2) The conditions warranting continuity of care through*  
38 *fee-for-service Medi-Cal on a permanent basis because of unique*  
39 *needs that cannot be met by the pilot program.*

1 (3) *The conditions warranting continuity of care through*  
2 *fee-for-service Medi-Cal on a temporary basis until the condition*  
3 *is stabilized.*

4 (4) *Administrative timelines and processes.*

5 (5) *Adherence to the existing standards specified in*  
6 *subparagraph (A) of paragraph (2) of subdivision (a) of Section*  
7 *53887 of Title 22 of the California Code of Regulations and Section*  
8 *1373.96 of the Health and Safety Code.*

9 (o) *The proposed program evaluation, as required by Section*  
10 *14087.491, including the process, timelines, and criteria for*  
11 *evaluating the pilot program.*

12 (p) *Review of the current overlap in regulations and authority*  
13 *and recommendations for clear assignment of responsibilities to*  
14 *the department and the Department of Managed Health Care for*  
15 *ensuring compliance with all state and federal laws relevant to*  
16 *Medi-Cal managed care plans.*

17 (q) *Identify any additional state or federal legislation and*  
18 *authority needed to implement this article.*

19 (r) (1) *Develop, in consultation with the participating plans and*  
20 *the local stakeholder committee created pursuant to Section*  
21 *14087.484, implement, and test a continuity of care process that*  
22 *meets all of the following criteria:*

23 (A) *Addresses the specialized care and treatment needs of*  
24 *seniors and all persons with a disability.*

25 (B) *Extends continuity of care rights to those entering Medi-Cal*  
26 *managed care from the Medi-Cal fee-for-service system.*

27 (C) *Extends continuity of care rights to cover all providers,*  
28 *including, but not limited to, physicians, specialists, and certified*  
29 *or licensed nurse midwives, who are actively treating the enrollee*  
30 *for a medical condition that qualifies under this article. For*  
31 *purposes of this paragraph, “actively treating” means providing*  
32 *treatment within the last 90 days before enrollment into the pilot*  
33 *program created pursuant to this article.*

34 (D) *Includes, at a minimum, medical conditions listed in*  
35 *subparagraph (A) of paragraph (2) of subdivision (a) of Section*  
36 *53887 of Title 22 of the California Code of Regulations and Section*  
37 *1373.96 of the Health and Safety Code.*

38 (2) *Any beneficiary granted a medical exemption from health*  
39 *plan enrollment pursuant to this article shall remain with the*  
40 *fee-for-service program until the medical condition has stabilized*

1 *so that the individual may safely transition to the new provider*  
2 *and begin receiving care from a plan provider without deleterious*  
3 *medical effects, as determined by the treating physician or*  
4 *specialist in the Medi-Cal fee-for-service program. If the medical*  
5 *condition is not sufficiently stable to permit safe transfer, the*  
6 *beneficiary may choose to remain in fee-for-service Medi-Cal until*  
7 *the medical condition is stable.*

8 (3) *An enrollees in the pilot program shall have the choice to*  
9 *continue an established patient-provider relationship if his or her*  
10 *treating provider is a provider contracting with a Medi-Cal*  
11 *managed care plan in the service area, has available capacity,*  
12 *and agrees to continue to treat the beneficiary.*

13 (4) *Nothing in this subdivision shall imply changes to existing*  
14 *services carved out of Medi-Cal managed care health plans in the*  
15 *two counties.*

16 (5) *Services provided through the California Children's Services*  
17 *Program shall not be included in the pilot programs authorized*  
18 *under this article.*

19 14087.484. (a) *In preparing the implementation plan required*  
20 *by Section 14087.483, the department shall convene a local*  
21 *stakeholder advisory committee of 21 members to advise the*  
22 *department and the participating health plans on the*  
23 *implementation of this article. Committee members may serve for*  
24 *the entire duration of the pilot program.*

25 (b) *The local stakeholder advisory committee shall remain in*  
26 *place to advise the department regarding the implementation,*  
27 *continued operation, and evaluation of the pilot program and to*  
28 *advise health plans about the provision of services to seniors and*  
29 *persons with disabilities in the pilot program.*

30 (c) *The committee shall include, but not be limited to, the*  
31 *following participants:*

32 (1) *Medi-Cal beneficiaries who are persons with disabilities or*  
33 *seniors living in the Counties of Riverside and San Bernardino.*  
34 *At least one-half of the committee shall be comprised of these*  
35 *beneficiaries or their family members.*

36 (2) *Representatives of community-based organizations serving*  
37 *seniors and persons with disabilities in the Counties of Riverside*  
38 *and San Bernardino.*

39 (3) *At least one representative from each participating health*  
40 *plan.*

1 (4) *At least two physicians participating in the health plans.*

2 (5) *At least two representatives of contracting hospitals.*

3 (6) *At least one representative from each participating county*  
4 *government.*

5 (7) *One representative of the exclusive collective bargaining*  
6 *agents for hospital workers of affected hospitals.*

7 (d) *Members of the committee selected pursuant to paragraphs*  
8 *(1) and (2) of subdivision (c) shall be nominated by local*  
9 *community-based organizations and disability organizations.*

10 (e) *The department may seek grants or other private funding*  
11 *sources for the operational and other costs necessary for the*  
12 *implementation of this section.*

13 14087.485. *Prior to initiating the pilot program authorized by*  
14 *this article, the department shall provide Medi-Cal managed care*  
15 *plans in the counties designated for mandatory enrollment with*  
16 *both of the following:*

17 (a) (1) *Identification of seniors and persons with disabilities*  
18 *who may need special assistance in the enrollment process and*  
19 *those with special health care needs or other conditions that*  
20 *warrant immediate contact by a plan at initial enrollment. In*  
21 *identifying these beneficiaries, the department shall include a*  
22 *review of fee-for-service claims data and diagnosis codes, and a*  
23 *review of all known information from other programs and services*  
24 *a beneficiary may be receiving.*

25 (2) *At least 120 days prior to enrollment, the department shall*  
26 *provide the list described in paragraph (1) to those entities*  
27 *administering the enrollment process and to the health plans to*  
28 *ensure that beneficiaries receive necessary assistance.*

29 (b) *A list of fee-for-service Medi-Cal providers who are actively*  
30 *providing services to beneficiaries.*

31 14087.486. *The department shall, at all times, ensure that it*  
32 *complies with all provisions of this article, all applicable state*  
33 *and federal laws and regulations, and all applicable contracts.*  
34 *On an ongoing basis, the department shall do all of the following:*

35 (a) *Track, monitor, and report to the Legislature on the pilot*  
36 *program in the annual budget process and to the policy and fiscal*  
37 *committees of both houses of the Legislature.*

38 (b) *Ensure ongoing compliance of participating health plans*  
39 *and providers with this article and all applicable state and federal*  
40 *laws and regulations.*

1 (c) *Develop the pilot program in a manner that accomplishes*  
2 *all of the following:*

3 (1) *Protects the safety net providers in the community.*

4 (2) *Recognizes the multiple and complex needs of seniors and*  
5 *persons with disabilities, including the need for specialized care*  
6 *and out-of-network services.*

7 (3) *Provides sufficient compensation for coordination of care*  
8 *among multiple providers and care management by providers.*

9 (4) *Reflects the need to attract and retain providers, particularly*  
10 *those with specialized expertise in the care of persons with special*  
11 *needs.*

12 14087.487. (a) (1) *Enrollment in the pilot program authorized*  
13 *by this article shall commence no later than September 1, 2009.*  
14 *Prior to implementing the pilot program, the department shall*  
15 *conduct a readiness review to ensure the readiness and the ability*  
16 *of the health plans to serve the special needs of this population,*  
17 *and to comply with all requirements of this article, applicable state*  
18 *and federal laws, and relevant performance standards and contract*  
19 *requirements. To accomplish the readiness review, the department*  
20 *may contract with an independent contractor to review each*  
21 *participating health plan, which may include a review of a health*  
22 *plan's site.*

23 (2) *In determining readiness, each participating health plan*  
24 *shall demonstrate all of the following:*

25 (A) *The existence of an appropriate provider network within*  
26 *each service area, which shall include a sufficient number of all*  
27 *of the provider types necessary to furnish comprehensive services*  
28 *to seniors and persons with disabilities.*

29 (B) *Evidence that the health plan has a sufficient number of*  
30 *providers with the specific competencies, literacy, experience, and*  
31 *expertise to provide services to the population to be enrolled.*

32 (C) *Prior to securing a contract pursuant to this article, and*  
33 *on an ongoing basis, that the health plan has an active recruitment*  
34 *and retention program to secure contracts with providers providing*  
35 *services under Medi-Cal fee-for-service to beneficiaries who will*  
36 *be enrolled, that it has secured those contracts, and that the*  
37 *providers will be available to enrollees on the same basis as all*  
38 *other plan providers.*

39 (D) *Evidence that the plan has specific policies, procedures,*  
40 *and protocols to ensure timely access to the specialists,*

1 subspecialists, specialty care centers, ancillary therapists, and  
2 providers of specialized equipment and supplies, including durable  
3 medical equipment, either through health plan providers or through  
4 referrals to specialists outside the plan, including those providers  
5 outside of the plan network or geographic service area. For  
6 purposes of this subparagraph, “access” shall include physical  
7 access for individuals with disabilities, consistent with  
8 subparagraph (N).

9 (E) Evidence that the plan has adequate policies and procedures  
10 in place to ensure that persons enrolled pursuant to this article  
11 secure standing referrals, consistent with the requirements of the  
12 Knox-Keene Act, to the appropriate specialists, subspecialists,  
13 and specialty care centers necessary to ensure continuity of care  
14 and to meet their ongoing care and treatment needs.

15 (F) Evidence that the plan has a sufficient number of providers,  
16 service locations, and service hours, and sufficient types of  
17 appropriate providers, to ensure adequate geographic access,  
18 availability of services during normal business hours, and  
19 availability of emergency services within the service area 24 hours  
20 per day, seven days per week.

21 (G) Evidence that the plan provides access to reproductive  
22 services, including procedures for providing female seniors and  
23 females with disabilities with direct access to an  
24 obstetrician-gynecologist to provide women’s routine and  
25 preventive health care services, and to ensure that pregnant women  
26 with disabilities at a high risk of poor pregnancy outcome for the  
27 mother or the child are referred to appropriate specialists,  
28 including perinatologists, and have access to genetic screening  
29 with appropriate referrals.

30 (H) Evidence that the plan provides an opportunity for  
31 members to select a specialist as a primary care provider, as  
32 defined in subdivision (gg) of Section 53810 of Title 22 of the  
33 California Code of Regulations.

34 (I) Evidence that the plan provides access to all of the following  
35 services:

36 (i) Inpatient and outpatient rehabilitation services through  
37 providers accredited by the Commission on Accreditation of  
38 Rehabilitation Facilities (CARF) or other similar accreditation  
39 organization.

40 (ii) Applied rehabilitative technology.

1 (iii) *Speech pathologists, including those experienced in working*  
2 *with significant speech impairment, persons with developmental*  
3 *disabilities, and persons who require augmentative communication*  
4 *devices.*

5 (iv) *Occupational therapy and orthotic providers.*

6 (v) *Physical therapy.*

7 (vi) *Low-vision centers.*

8 (J) *Evidence that the Medi-Cal managed care health plans*  
9 *involved in the pilot program provide access to assessments and*  
10 *evaluations for wheelchairs that are independent of durable*  
11 *medical equipment providers and include, when necessary, a home*  
12 *assessment.*

13 (K) *Evidence that Medi-Cal managed care health plans involved*  
14 *in the pilot program are able to provide communication access to*  
15 *seniors, persons with disabilities, and those who are limited*  
16 *English proficient in alternative formats or through other methods*  
17 *that ensure communication, including assistive listening systems,*  
18 *sign language interpreters, captioning, pad and pencil, or written*  
19 *translations and oral interpreters, and that all those Medi-Cal*  
20 *managed care health plans are in compliance with the cultural*  
21 *and linguistic requirements set forth in subdivision (c) of Section*  
22 *53853 and Section 53876 of Title 22 of the California Code of*  
23 *Regulations.*

24 (L) *Evidence that the plan will have a process in place to do*  
25 *the following:*

26 (i) *Contact, within 30 days of enrollment, each enrollee*  
27 *identified by the department as having a special health care need*  
28 *or a need of assistance securing necessary health care services.*  
29 *This contact and all subsequent timeframes set forth under this*  
30 *subparagraph are contingent upon the department meeting its*  
31 *obligations set under subdivision (a) of Section 14087.489.*

32 (ii) *Stratify risks of those contacted pursuant to this*  
33 *subparagraph, identify any accommodation needs such as*  
34 *interpreters, language spoken, alternative format requirements,*  
35 *and identify any urgent medical needs.*

36 (iii) *For those identified by the plan as being high risk, develop*  
37 *a care plan within 60 days of the initial contact. The care plan*  
38 *shall be both of the following:*

39 (I) *Developed in consultation with, and with the consent of, the*  
40 *enrollee or his or her designated representative.*

1 (II) Updated at the request of the enrollee or his or her  
2 designated representative, when there is a significant change in  
3 the health or services needs of the enrollee, and at least annually.

4 (iv) Nothing in this subparagraph shall limit the existing plan  
5 requirement to facilitate an enrollee's 120-day health assessment.

6 (M) Evidence that the plan has the staff and systems in place  
7 to coordinate care for enrolled seniors and persons with disabilities  
8 across all settings, including coordination of discharge to  
9 appropriate services within and outside of the plan's provider  
10 network.

11 (N) Evidence that the plan assesses its participating primary  
12 care providers and high utilization specialists to determine whether  
13 they comply with Titles II and III of the Americans with Disabilities  
14 Act of 1990 (42 U.S.C. Sec. 12131 et seq., and Sec. 12181 et seq.,  
15 respectively), and all relevant state and federal laws and  
16 regulations, including, but not limited to, physically accessible  
17 facilities and services, accessible communication formats and  
18 methods, and other specialized facilities, equipment, and services  
19 that may be necessary to afford accessible care to seniors and  
20 persons with disabilities, as identified by the stakeholder advisory  
21 committee established pursuant to this article. Each participating  
22 plan shall demonstrate the ability to identify and communicate to  
23 potential enrollees the level and type of service accessibility offered  
24 by providers in the network.

25 (O) Evidence that the plan and its participating providers will  
26 utilize informational materials and deliver services in a manner  
27 to meet the linguistic and other special communication needs of  
28 seniors and persons with disabilities, including, but not limited to,  
29 providing information in an understandable manner, maintaining  
30 toll-free telephone hotlines, and offering ombudsmen services.

31 (P) Evidence that the plan has developed and will implement a  
32 clear, timely, and fair process for accepting and acting upon  
33 complaints, grievances, disenrollment requests, and appeals  
34 regarding coverage or benefits that meets the department's  
35 requirements pursuant to subdivision (e) of Section 14087.483,  
36 and the relevant provisions of the Knox-Keene Act in a manner  
37 that is accessible to seniors and persons with disabilities.

38 (Q) Evidence that the plan will ensure stakeholder and member  
39 participation in advisory groups for the planning, development,  
40 and ongoing activities related to the provision of services for

1 seniors and persons with disabilities, and that the plan will  
2 communicate and coordinate with community agencies serving  
3 low-income seniors and persons with disabilities.

4 (R) Evidence that the plan contracts with a sufficient number  
5 of traditional and safety net providers to ensure access to care  
6 and services, and to preserve the local community's capacity to  
7 provide care and services, for uninsured and other safety net  
8 populations.

9 (S) Evidence that the plan has developed specific strategies and  
10 policies to inform seniors and persons with disabilities of  
11 procedures for obtaining nonemergency transportation services  
12 to service sites that are offered by the plan or are available through  
13 the Medi-Cal program.

14 (T) Specific strategies the plan will employ to monitor and  
15 improve the quality and appropriateness of care for seniors and  
16 persons with disabilities.

17 (U) Evidence that the plan has specific strategies in place to  
18 communicate and coordinate services with relevant community  
19 agencies and programs serving seniors and persons with  
20 disabilities, including, but not limited to, regional centers,  
21 independent living centers, county health, mental health, and social  
22 service agencies, area agencies on aging, and relevant nonprofit  
23 community-based organizations.

24 (V) Evidence that the plan has executed, at a minimum,  
25 memoranda of understanding with the county mental health  
26 managed care plan in the county, regional centers in the service  
27 area, and the local California Children's Services (CCS) office.

28 (b) The department shall coordinate with the Department of  
29 Managed Health Care in conducting facility site reviews of the  
30 plan to assess plan and provider readiness in a manner that  
31 eliminates duplication and burdens on plans and their providers.

32 14087.488. The department shall ensure that health plans  
33 contracting to provide services pursuant to this article shall meet  
34 the following requirements at all times:

35 (a) Ensure timely access to specialists and specialty care within  
36 or outside of the plan's network, including specialists,  
37 subspecialists, specialty care centers, ancillary therapists, and  
38 specialized equipment and supplies, including durable medical  
39 equipment.

1 (b) Ensure that persons with disabilities at all times have access  
2 to accessible, appropriate care, including, but not limited to,  
3 rehabilitation services, applied rehabilitative technology, speech  
4 pathologists, occupational therapy, low-vision centers, wheelchair  
5 services, and any other services or providers that may be identified  
6 by the local stakeholder advisory committee established in Section  
7 14087.484 as necessary to meet the needs of seniors and persons  
8 with disabilities.

9 (c) Track, monitor, and provide to the department all contract  
10 deliverables, including, but not limited to, quality improvement  
11 systems, utilization management policies and procedures, reliable  
12 service utilization and cost data, quarterly financial reports,  
13 audited annual reports, utilization reports of medical services,  
14 and encounter data.

15 (d) Establish a grievance system pursuant to the requirements  
16 of Section 1368 of the Health and Safety Code, and establish a  
17 procedure for the expedited review of grievances pursuant to the  
18 requirements of Section 1368.01 of the Health and Safety Code.  
19 Urgent complaints or grievances shall be resolved within 72 hours,  
20 and nonurgent complaints or grievances shall be resolved within  
21 30 days. At any time during the complaint process, the enrollee  
22 may request a change of health plan. If a complaint or grievance  
23 is not resolved within the periods set forth in this subdivision, the  
24 enrollee may petition the department to disenroll from the plan  
25 and enroll in fee-for-service Medi-Cal. An enrollee shall be  
26 informed of these rights at the time he or she files a complaint or  
27 grievance. The department shall review all requests to disenroll  
28 from a plan and enroll in fee-for-service Medi-Cal within existing  
29 timeframes applicable to processing medical exemptions.

30 (e) Provide clear, timely, and fair processes for accepting and  
31 acting upon complaints, grievances, and disenrollment requests,  
32 including procedures for appealing decisions regarding coverage  
33 or benefits consistent with state and federal law.

34 (f) Maintain a toll-free “800” nurse advice telephone service  
35 available and accessible to seniors and persons with disabilities  
36 to respond to urgent clinical needs.

37 (g) Demonstrate to the department and the Department of  
38 Managed Health Care compliance with applicable state and federal  
39 laws and regulations, all readiness criteria and performance  
40 standards developed by the department, effective implementation

1 of the plan's proposed policies and procedures by the plan and its  
2 providers, contract deliverables, and other submissions.

3 (h) (1) Annually produce, publish, and file with the department  
4 an accessibility plan, which shall do both of the following:

5 (A) Set goals, list priority activities, and commit resources for  
6 increasing accessibility to network provider services.

7 (B) Include goals related to disability, literacy, and competency  
8 training for health plan staff and health care providers; ongoing  
9 identification of existing physical, equipment, communication,  
10 transportation, and policy barriers encountered by enrollees;  
11 strategies for removing the identified barriers; and collection and  
12 incorporation of feedback from consumers with disabilities and  
13 chronic conditions.

14 (2) The department shall encourage participating health plans  
15 to partner with academic and research institutions to identify and  
16 test new clinical and service performance measures specific to the  
17 unique needs of seniors and persons with a disability.

18 14087.489. (a) Beneficiaries who are eligible and required to  
19 join a Medi-Cal managed care plan pursuant to this article and  
20 who do not select a Medi-Cal managed care plan within 30 days  
21 shall be assigned to a health plan by the enrollment contractor.  
22 The contractor shall assign a beneficiary to a health plan that  
23 includes one or more of his or her existing providers of record,  
24 including, but not limited to, his or her primary care provider,  
25 specialist, or clinic. The department shall establish the Medi-Cal  
26 providers of record based on a review of Medi-Cal paid claims  
27 history.

28 (b) If a beneficiary chooses to not enroll in a health plan, the  
29 contractor shall assign the beneficiary to a health plan as follows:

30 (1) If the beneficiary's primary physician or specialist has a  
31 current contract with the publicly sponsored local initiative and  
32 the commercial plan, or, if the beneficiary's primary physician or  
33 specialist does not have a contract with either plan, the beneficiary  
34 shall be assigned to either plan based on the Medi-Cal member  
35 default assignment procedures set by the Medi-Cal  
36 performance-based auto-assignment algorithm.

37 (2) If a beneficiary's primary physician or specialist has a  
38 current contract with only one of the plans, the beneficiary shall  
39 be assigned to that plan.

1 (3) *Nothing in this section shall preclude the beneficiary from*  
2 *choosing to enroll in a specific plan or from requesting a medical*  
3 *exemption.*

4 *14087.490. The department shall adopt regulations in*  
5 *accordance with the requirements of Chapter 3.5 (commencing*  
6 *with Section 11340) of Part 1 of Division 3 of Title 2 of the*  
7 *Government Code for the implementation of this article.*

8 *14087.491. (a) The department shall contract with an*  
9 *independent third-party organization to conduct an evaluation of*  
10 *the pilot program, the results of which shall be reported to the*  
11 *Legislature by March 1, 2014. The evaluation shall be based on*  
12 *data collected during the three-year duration of the pilot program,*  
13 *and shall include, but not be limited to, all of the following:*

14 *(1) The impact of enrollment on seniors and persons with*  
15 *disabilities, including access to care, outcome measures, enrollee*  
16 *satisfaction, continuity of care, and health plan compliance with*  
17 *all applicable standards and guidelines, including the performance*  
18 *standards developed pursuant to this article.*

19 *(2) An analysis of the impact upon access to care for managed*  
20 *care compared to fee-for-service Medi-Cal beneficiaries, including,*  
21 *but not limited to, access to a medical home, primary care*  
22 *physician, specialty care, disease management programs.*

23 *(3) An analysis of quality-of-care provided in the managed care*  
24 *versus fee-for-service delivery models.*

25 *(4) An analysis of the impact on access to care for uninsured*  
26 *persons, including an assessment of the impact on the public and*  
27 *private safety net in the counties, and an analysis of the financial*  
28 *impact on public and private hospitals and clinics providing*  
29 *substantial services to uninsured, low-income persons.*

30 *(5) Enrollee satisfaction.*

31 *(6) The effectiveness of the implementation plan and the*  
32 *readiness program.*

33 *(7) The effectiveness of the standards tested.*

34 *(b) The department may seek funding from foundations,*  
35 *nonprofit organizations, and the federal government to implement*  
36 *this section.*

37 *(c) Prior to the completion of the evaluation required pursuant*  
38 *to this section, the Counties of Riverside and San Bernardino may*  
39 *review and provide comment regarding the evaluation. The*  
40 *department shall hold a public meeting to accept comment from*

1 interested stakeholders in each affected county on the impact of  
2 the pilot program on the quality-of-care provided to seniors and  
3 persons with disabilities. The department may collaborate with  
4 the local stakeholder advisory committee established pursuant to  
5 Section 14087.484 for this purpose.

6 (d) The department shall make the results of the evaluation  
7 available to the public, which shall include, at a minimum,  
8 publishing the evaluation on the department's Internet Web site.

9 (e) The department shall make recommendations for the  
10 continuation, expansion, or termination of the pilot program in  
11 the affected counties based in part on the evaluation results. The  
12 recommendations may include, but need not be limited to,  
13 mitigation measures to further protect access to care for uninsured  
14 persons and to ensure the financial viability and stability of the  
15 safety net hospitals and clinics.

16 14087.492. This article shall become inoperative on July 31,  
17 2015, and, as of January 1, 2016, is repealed, unless a later  
18 enacted statute, that becomes operative on or before January 1,  
19 2016, deletes or extends the dates on which it becomes inoperative  
20 and is repealed.

21 ~~14087.481. (a) There is hereby established the Medi-Cal  
22 Managed Care Pilot Program.~~

23 ~~(b) The department shall administer the program established  
24 under subdivision (a) to meet the standards established in Section  
25 14087.482.~~

26 ~~14087.482. (a) It is the intent of the Legislature in enacting  
27 this article to provide a defined process, including legislative  
28 oversight and review, to ensure that the state and federal  
29 governments meet their obligations to provide full access to  
30 adequate health care to low-income seniors and persons with  
31 disabilities.~~

32 ~~(b) It is further the intent of the Legislature to improve the  
33 quality of health care for seniors and persons with disabilities by  
34 testing standards that improve the quality of care and access for  
35 disabled persons.~~

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