

AMENDED IN ASSEMBLY JULY 2, 2008  
AMENDED IN ASSEMBLY JUNE 18, 2008  
AMENDED IN SENATE MAY 27, 2008  
AMENDED IN SENATE APRIL 9, 2008  
AMENDED IN SENATE MARCH 26, 2008

**SENATE BILL**

**No. 1738**

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**Introduced by Senator Steinberg**  
(Principal coauthor: Assembly Member Lieber)  
**(Coauthor: Senator Alquist)**  
(Coauthors: Assembly Members Hancock and Ma)

February 22, 2008

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An act to add and repeal Article 4.6 (commencing with Section 14147) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1738, as amended, Steinberg. Medi-Cal: Frequent Users of Health Care Pilot Program.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services.

This bill would require the department, no later than July 1, 2009, ~~for a period of 3 years,~~ to establish, in consultation with specified stakeholders, the Frequent Users of Health Care Pilot Program. The pilot program would provide supplemental services to Medi-Cal beneficiaries in at least 6 ~~eligible programs, as defined to include, among other entities, local governments, who are~~ *eligibility categories of*

frequent users of health care, ~~as defined~~, in addition to an individual's existing benefits under the Medi-Cal program, ~~which are~~. *Benefits are designed to reduce a participating individual's use of hospital emergency departments when more effective care, including primary, specialty, and social services, can be provided in less costly settings. This bill would require the department, not later than November 1, 2012, to complete to prepare an evaluation of the first 2 years of participant enrollment in the frequent users pilot program and to report to the appropriate policy and fiscal committees of the Legislature on an upon the completion of the evaluation of the pilot program, as specified. The bill would provide that the program would be implemented only if federal financial participation is available and all necessary federal approvals are obtained, and only to the extent that state funds are available for use as the nonfederal share. The bill would provide for the repeal of its provisions upon the completion of the program or one year after the evaluation is released, whichever is later.*

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 4.6 (commencing with Section 14147) is  
2 added to Chapter 7 of Part 3 of Division 9 of the Welfare and  
3 Institutions Code, to read:

4

5 Article 4.6. Frequent Users of Health Care Pilot Program

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7 14147. (a) No later than July 1, 2009, the department shall do  
8 both of the following:

9 (1) Design, in consultation with the stakeholders described in  
10 subdivision ~~(e)~~ (d) of Section 14147.1, a pilot program to provide  
11 Medi-Cal services to frequent users of health care services, as  
12 defined in subdivision ~~(e)~~ (b).

13 (2) Submit any necessary application to the federal Centers for  
14 Medicare and Medicaid Services for a state plan amendment or  
15 waiver to implement the pilot project established pursuant to this  
16 article. The department shall determine the form of state plan  
17 amendment or waiver most appropriate to achieve the purposes of  
18 this article.

1 (b) The department shall commence implementation of the pilot  
2 program on the first day of the third month following the month  
3 in which federal approval of the state plan amendment sought  
4 pursuant to subdivision (a) is received.

5 14147.1. For purposes of this article, the following definitions  
6 shall apply:

7 (a) “Eligible program” means a nonprofit organization or entity,  
8 including a private hospital, or a unit of local government,  
9 including a public hospital or a county, that elects to participate  
10 in the pilot program developed pursuant to this article and that  
11 meets the criteria described in subdivision (c) of Section 14147.2.

12 (b) A “frequent user of health services” means an adult who has  
13 undergone emergency department treatment on five or more  
14 occasions in the past 12 months or on eight or more occasions in  
15 the last 24 months, who would benefit from the provision of  
16 multidisciplinary services, and who has two or more of the  
17 following risk factors:

18 (1) On one or more occasions within the last 24 months, the  
19 individual was diagnosed with a chronic or life-threatening  
20 condition that requires management of symptoms, medications,  
21 health care, or changes in lifestyle or risk-related behaviors, which  
22 may include, but need not be limited to, HIV/AIDS, hepatitis,  
23 diabetes, heart disease, hypertension, emphysema, asthma, or  
24 cancer.

25 (2) On one or more occasions within the last 24 months, the  
26 individual was diagnosed, or, in the judgment of an emergency  
27 department physician, would likely be diagnosed, if provided a  
28 mental assessment, with an Axis I or II mental disorder identified  
29 in the Diagnostic and Statistical Manual of Mental Disorders,  
30 Fourth Edition.

31 (3) On one or more occasions within the last 24 months, the  
32 individual was diagnosed, or, in the judgment of an emergency  
33 department physician, would likely be diagnosed, if provided an  
34 assessment, with a substance use disorder, including substance  
35 dependence and substance use problems, that interfere with the  
36 individual’s health or appropriate utilization of health services.

37 (4) The individual is currently experiencing homelessness.

38 (c) “Homelessness” means lacking a fixed, regular, or adequate  
39 nighttime residence or a primary nighttime residence that is a  
40 supervised publicly or privately operated shelter designed to

1 provide temporary living accommodations or a public or private  
2 place not designed for, or ordinarily used as, regular sleeping  
3 accommodation for human beings.

4 (d) “Stakeholders” shall include, but are not limited to, the  
5 Frequent Users of Health Services Initiative, the Corporation for  
6 Supportive Housing, the California Mental Health Directors  
7 Association, community clinic representatives, and other disciplines  
8 that represent the needs of frequent users of health services, as  
9 defined in subdivision (b).

10 14147.2. (a) (1) The pilot program shall provide services to  
11 Medi-Cal beneficiaries in addition to an individual’s existing  
12 Medi-Cal benefits, and shall be designed to reduce a participating  
13 individual’s use of hospital emergency departments when more  
14 effective care, including primary, specialty, and social services,  
15 can be provided in less costly settings.

16 (2) The state shall provide for the nonfederal share of cost for  
17 services provided to individuals under the pilot program. These  
18 services may include, but need not be limited to, all of the  
19 following:

20 (A) Individualized, intensive face-to-face care coordination and  
21 case management.

22 (B) Money management ~~and~~ services *and* education.

23 (C) *Services to support adherence to medication.*

24 ~~(C)~~

25 (D) Transportation.

26 ~~(D)~~

27 (E) Life skills training.

28 ~~(E)~~

29 (F) Peer and recovery support.

30 ~~(F)~~

31 (G) Prevocational and vocational services.

32 ~~(G)~~

33 (H) Employment support services.

34 (3) Nothing in this section shall preclude a local entity from  
35 contributing funds for the services listed in paragraph (2), or for  
36 other services.

37 (4) Care coordination and case management services may be  
38 provided by nonlicensed professional or paraprofessional staff  
39 who provide care coordination.

1 (b) The department shall implement the pilot in at least six  
2 eligible programs, as defined in subdivision (a) of Section 14147.1,  
3 and in accordance with the criteria developed pursuant to  
4 subdivision (c).

5 (c) The selection of the eligible programs shall be based on  
6 criteria that shall be developed by the department, in consultation  
7 with stakeholders. The department may consult with existing  
8 frequent user projects in developing selection criteria. The criteria  
9 for participation as a program shall include at least all of the  
10 following:

11 (1) Demonstrated experience working with the frequent users  
12 of health services population.

13 (2) The capacity and administrative infrastructure to participate  
14 in the pilot program, including the ability to keep appropriate  
15 records and provide data on clients.

16 (3) Documented ability to provide or to link clients with  
17 appropriate community-based services, including intensive,  
18 individualized, face-to-face care coordination, *services to support*  
19 *adherence to medication*, primary care, specialty care, mental  
20 health treatment, substance abuse treatment, peer and recovery  
21 support, permanent or transitional housing, transportation, money  
22 management, prevocational and vocational services, employment  
23 support, and benefits advocacy.

24 (4) A plan to offer services to a point-in-time caseload of at  
25 least 100 clients on a voluntary basis.

26 (5) Support of essential community hospitals, particularly  
27 hospitals serving a high proportion of Medi-Cal patients, such as  
28 *public or private* disproportionate share hospitals.

29 (d) The pilot program's initial enrollment goal shall be 2,500  
30 Medi-Cal beneficiaries needing intensive services who are frequent  
31 users of health services, as defined in subdivision (b) of Section  
32 14147.1. These beneficiaries may require less intensive services,  
33 or graduate completely from the program upon stabilization. The  
34 department may increase the total number of intensive services  
35 participants in the program if the department determines that, based  
36 on the data collected relating to, and beneficial outcomes resulting  
37 from, the initial implementation of the pilot program, expanding  
38 the number of intensive services participants is warranted.

39 (e) The department shall prepare, or contract for the preparation  
40 of, ~~an evaluation of the frequent users pilot program.~~ The

1 ~~department shall only seek out and utilize private funds to fund~~  
2 ~~the evaluation. The department, no later than November 1, 2012,~~  
3 ~~shall complete, and report to the appropriate policy and fiscal~~  
4 ~~committees of the Legislature upon the completion of the~~  
5 ~~evaluation.~~ *of, an evaluation of the first two years of participant*  
6 *enrollment in the frequent users pilot program. The evaluation*  
7 *shall assess the outcomes of the pilot program, including, all of*  
8 *the following, to the extent that the information is available:*

9 (1) *The total number of program participants in the frequent*  
10 *user program.*

11 (2) *The total number of program participants who were*  
12 *Medi-Cal beneficiaries at the time of enrollment and the number*  
13 *of beneficiaries who did not remain enrolled in the program for*  
14 *at least 12 continuous months.*

15 (3) *All of the following information, with respect to participants*  
16 *who were Medi-Cal beneficiaries at the time of enrollment in the*  
17 *program and during the 12 months immediately preceding*  
18 *enrollment, and who remained enrolled in the program for at least*  
19 *12 continuous months:*

20 (A) *The frequency of emergency department visits during the*  
21 *12 months prior to enrollment in the program and the associated*  
22 *costs to Medi-Cal.*

23 (B) *The frequency of emergency department visits during the*  
24 *12 months after program enrollment and the associated costs to*  
25 *Medi-Cal.*

26 (C) *The total number of inpatient days during the 12 months*  
27 *immediately preceding enrollment and the associated costs to*  
28 *Medi-Cal.*

29 (D) *The total number of inpatient admissions during the 12*  
30 *months after enrollment in the program and the associated costs*  
31 *to Medi-Cal.*

32 (E) *The total number of inpatient days during the 12 months*  
33 *immediately preceding enrollment and the associated costs to*  
34 *Medi-Cal.*

35 (F) *The total number of inpatient days during the 12 months*  
36 *after program enrollment and the associated costs to Medi-Cal.*

37 (4) *All of the following information, with respect to the total*  
38 *number of participants who were Medi-Cal beneficiaries at the*  
39 *time of enrollment in the program, and during at least 12 months*

1 *immediately preceding the enrollment, and who remained enrolled*  
2 *in the program for at least 24 continuous months:*

3 *(A) The frequency of emergency department visits during the*  
4 *12 months immediately preceding enrollment in the program and*  
5 *the associated costs to Medi-Cal.*

6 *(B) The frequency of emergency department visits during the*  
7 *24 months after enrollment in the program and the associated*  
8 *costs to Medi-Cal.*

9 *(C) The total number of inpatient admissions during the 12*  
10 *months immediately preceding enrollment in the program and the*  
11 *associated costs to Medi-Cal.*

12 *(D) The total number of inpatient admissions during the 24*  
13 *months after enrollment in the program and the associated costs*  
14 *to Medi-Cal.*

15 *(E) The total number of inpatient days during the 12 months*  
16 *immediately preceding enrollment and the associated costs to*  
17 *Medi-Cal.*

18 *(F) The total number of inpatient days during the 24 months*  
19 *after program enrollment and the associated costs to Medi-Cal.*

20 *(5) The total number of program participants who have accrued*  
21 *the highest 10 percent of Medi-Cal reimbursable expenses during*  
22 *any one 12-month period of program enrollment, the total average*  
23 *costs per person during that period, and the conditions for which*  
24 *each was treated.*

25 *(6) The conditions present upon enrollment of participants.*

26 *(7) The number of Medi-Cal beneficiary participants who used*  
27 *primary care services, and, if the information is available,*  
28 *behavioral health services, and the frequency of the usage of*  
29 *primary care and behavioral health services after enrollment.*

30 *(8) If available, the number of participants who were homeless*  
31 *upon enrollment and the number of participants who remained*  
32 *homeless 12 months after program enrollment.*

33 *(9) Of the services identified in subdivision (a) of Section*  
34 *14147.2, the frequency each service was provided and reimbursed,*  
35 *the reimbursement rate for each service, and total expenditures*  
36 *for each service.*

37 *(10) Barriers that program administrators reported and the*  
38 *department encountered.*

39 *(f) The department shall only seek out and utilize private funds*  
40 *to fund the evaluation. The department shall report to the*

1 *appropriate policy and fiscal committees of the Legislature upon*  
2 *the completion of the evaluation.*

3 ~~(f)~~

4 (g) The pilot program shall operate for a period of three years  
5 *commencing upon receipt of federal approval.*

6 14147.3. (a) This article shall only be implemented if federal  
7 financial participation is available, and if the federal Centers for  
8 Medicare and Medicaid Services approves the state plan  
9 amendment or waiver sought pursuant to Section 14147, and only  
10 to the extent that state funds are available for use as the nonfederal  
11 share.

12 (b) The pilot program shall not divert, use, or supplant amounts  
13 that would otherwise be distributable to hospitals pursuant to the  
14 Medi-Cal Hospital Uninsured Care/Demonstration Project set forth  
15 in Article 5.2 (commencing with Section 14166).

16 14147.5. This article shall remain in effect only until ~~January~~  
17 ~~1, 2013~~, *the completion of the program or one year after the*  
18 *evaluation is released, whichever is later*, and as of that date is  
19 repealed, unless a later enacted statute, that is enacted before  
20 ~~January 1, 2013~~, *that date* deletes or extends that date.