

**ASSEMBLY BILL**

**No. 1653**

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**Introduced by Assembly Member Jones**

January 14, 2010

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An act to add Article 5.227 (commencing with Section 14168) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to Medi-Cal, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1653, as introduced, Jones. Medi-Cal: hospitals: quality assurance fee.

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. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions.

Existing law, subject to federal approval, requires the department to make supplemental payments for certain services, as specified, to private hospitals, nondesignated public hospitals, and designated public hospitals, as defined, for subject federal fiscal years.

Existing law, subject to federal approval, also imposes, as a condition of participation in state-funded health insurance programs other than the Medi-Cal program, a quality assurance fee, as specified, on certain general acute care hospitals through and including December 31, 2010. Existing law creates the Hospital Quality Assurance Revenue Fund in the State Treasury and requires that the money collected from the quality assurance fee be deposited into the fund. Existing law provides that the moneys in the fund shall, upon appropriation by the Legislature, be

available only for certain purposes, including providing the above-described supplemental payments to hospitals and health care coverage for children.

Existing law, effective January 1, 2011, and subject to the authority of a subsequent statute enacted to take effect on or after January 1, 2011, that meets certain conditions, imposes a quality assurance fee in a manner necessary to obtain federal Medicaid matching funds that shall be due and payable to the department by each general acute care hospital at specified rates for the purpose of making Medi-Cal payments to hospitals

This bill would, effective January 1, 2011, impose on each general acute care hospital that is not an exempt facility, as defined, a quality assurance fee, as a condition of participation in state-funded health insurance programs, other than the Medi-Cal program. This bill would require the quality assurance fee to be computed starting on the effective date of the bill and continue through and including June 30, 2011. The bill would require the proceeds from the fee to be used for the same purposes as the above-described quality assurance fee that is imposed on hospitals through and including December 31, 2010. The bill would provide that the method of calculation and collection of the quality assurance fee is to be determined in an unspecified manner.

This bill would require the director to seek federal approvals or waivers as may be necessary to implement the above-described provisions and to obtain federal financial participation to the maximum extent possible with the proceeds from the quality assurance fee paid pursuant to those provisions.

This bill would require the fee payments and any related federal reimbursement to be deposited in the Hospital Quality Assurance Revenue Fund. The bill would continuously appropriate these moneys in an unspecified manner.

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

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
 State-mandated local program: no.

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

- 1 SECTION 1. Article 5.227 (commencing with Section 14168)
- 2 is added to Chapter 7 of Part 3 of Division 9 of the Welfare and
- 3 Institutions Code, to read:

1 Article 5.227. Quality Assurance Fee Act

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3 14168. (a) (1) “Exempt facility” means any of the following:

4 (A) A public hospital as defined in paragraph (25) of subdivision  
5 (a) of Section 14105.98.

6 (B) With the exception of a hospital that is in the Charitable  
7 Research Hospital peer group, as set forth in the 1991 Hospital  
8 Peer Grouping Report published by the department, a hospital that  
9 is designated as a specialty hospital in the hospital’s Office of  
10 Statewide Health Planning and Development Hospital Annual  
11 Disclosure Report for the hospital’s fiscal year ending in the 2007  
12 calendar year.

13 (C) A hospital that satisfies the Medicare criteria to be a  
14 long-term care hospital.

15 (D) A small and rural hospital as specified in Section 124840  
16 of the Health and Safety Code, designated as that in the hospital’s  
17 Office of Statewide Health Planning and Development Hospital  
18 Annual Disclosure Report for the hospital’s fiscal year ending in  
19 the 2007 calendar year.

20 (2) “General acute care hospital” shall mean any hospital  
21 licensed pursuant to subdivision (a) of Section 1250 of the Health  
22 and Safety Code.

23 (b) Effective January 1, 2011, there shall be imposed on each  
24 general acute care hospital that is not an exempt facility a quality  
25 assurance fee, as a condition of participation in a state-funded  
26 health insurance program, other than the Medi-Cal program.

27 (c) (1) The quality assurance fee shall be computed starting on  
28 the effective date of this article and continue through and including  
29 June 30, 2011.

30 (2) The method of calculation and collection of the quality  
31 assurance fee shall be determined pursuant to \_\_\_\_.

32 (3) The quality assurance fee shall be used solely for the  
33 purposes specified in Article 5.21 (commencing with Section  
34 14167.1) and Article 5.22 (commencing with Section 14167.31).

35 (d) The director shall do all of the following:

36 (1) Seek federal approvals or waivers as may be necessary to  
37 implement this article.

38 (2) Obtain federal financial participation to the maximum extent  
39 possible with the proceeds from the quality assurance fee paid  
40 pursuant to this article.

1 (e) (1) The fee payments and any related federal reimbursement  
2 shall be deposited in the Hospital Quality Assurance Revenue  
3 Fund.

4 (2) Notwithstanding Section 13340 of the Government Code,  
5 any moneys deposited in the Hospital Quality Assurance Revenue  
6 Fund pursuant to paragraph (1) shall be continuously appropriated,  
7 without regard to fiscal year, as follows:\_\_\_\_\_.

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

12 In order to make the necessary statutory changes to increase  
13 Medi-Cal payments to hospitals and improve access, at the earliest  
14 possible time, it is necessary that this act take effect immediately.