

ASSEMBLY BILL

No. 1985

Introduced by Assembly Member Galgiani

February 17, 2010

An act to add Section 5024.3 to the Penal Code, relating to Department of Corrections and Rehabilitation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1985, as introduced, Galgiani. Corrections: medical equipment and care.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Care Services, pursuant to which medical benefits are provided to low-income persons. Existing law requires the department to establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment, as defined. Existing law requires that reimbursement for all durable medical equipment billed to the Medi-Cal program be the lesser of certain amounts.

This bill would permit the Department of Corrections and Rehabilitation, upon approval by the federal receiver, if necessary, to establish a list of covered services and maximum allowable reimbursement rates for durable medical equipment used for inmate medical care. It would provide that reimbursement for these items of durable medical equipment may be the lesser of specified amounts. The bill would permit the department to establish capped rental reimbursement for specific items of durable medical equipment. It would require that items in this category be reimbursed on a monthly rental basis, as prescribed.

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. Section 5024.3 is added to the Penal Code, to
2 read:
3 5024.3. Upon approval of the federal receiver, or at such time
4 as the Department of Corrections and Rehabilitation is no longer
5 under the authority of the federal receiver, the Department of
6 Corrections and Rehabilitation may do all of the following:
7 (a) The department may establish a list of covered services and
8 maximum allowable reimbursement rates for durable medical
9 equipment as defined in Section 51160 of Title 22 of the California
10 Code of Regulations. The list may specify utilization controls to
11 be applied to each type of durable medical equipment.
12 (b) The department may set reimbursement for durable medical
13 equipment, except wheelchairs, wheelchair accessories, and
14 speech-generating devices and related accessories, at the lesser of
15 (1) the amount billed pursuant to Section 51008.1 of Title 22 of
16 the California Code of Regulations, (2) an amount that does not
17 exceed 80 percent of the lowest maximum allowance for California
18 established by the federal Medicare Program for the same or similar
19 item or service, or (3) the guaranteed acquisition cost negotiated
20 by means of the contracting process provided for pursuant to
21 Section 14105.3 of the Welfare and Institutions Code plus a
22 percentage markup to be established by the department.
23 (c) The department may set reimbursement for wheelchairs,
24 wheelchair accessories, and speech-generating devices and related
25 accessories at the lesser of (1) the amount billed pursuant to Section
26 51008.1 of Title 22 of the California Code of Regulations, (2) an
27 amount that does not exceed 100 percent of the lowest maximum
28 allowance for California established by the federal Medicare
29 Program for the same or similar item or service, or (3) the
30 guaranteed acquisition cost negotiated by means of the contracting
31 process provided for pursuant to Section 14105.3 of the Welfare
32 and Institutions Code plus a percentage markup to be established
33 by the department.
34 (d) The department may set reimbursement for all durable
35 medical equipment billed to the department utilizing codes with

1 no specified maximum allowable rate at the lesser of (1) the amount
2 billed pursuant to Section 51008.1 of Title 22 of the California
3 Code of Regulations, (2) the guaranteed acquisition cost negotiated
4 by means of the contracting process provided for pursuant to
5 Section 14105.3 of the Welfare and Institutions Code plus a
6 percentage markup to be established by the department, (3) the
7 actual acquisition cost plus a markup to be established by the
8 department, (4) the manufacturer’s suggested retail purchase price
9 on June 1, 2006, and documented by a printed catalog or a hard
10 copy of an electronic catalog page showing the price on that date,
11 reduced by a percentage discount not to exceed 20 percent, or not
12 to exceed 15 percent for wheelchairs and wheelchair accessories
13 if the provider employs or contracts with a qualified rehabilitation
14 professional, as defined in paragraph (3) of subdivision (c) of
15 Section 14105.485 of the Welfare and Institutions Code, or (5) a
16 price established through targeted product-specific cost
17 containment provisions developed with providers.

18 (e) The department may set reimbursement for all durable
19 medical equipment supplies and accessories billed to the
20 department at the lesser of (1) the amount billed pursuant to Section
21 51008.1 of Title 22 of the California Code of Regulations, or (2)
22 the acquisition cost plus a 23-percent markup.

23 (f) The department may establish “capped rental” reimbursement
24 for specific items of durable medical equipment. Items in this
25 category may be reimbursed on a monthly rental basis not to exceed
26 a period of continuous use of 10 months. After 10 months of rent
27 have been paid, the provider shall continue to provide the item
28 without charge, except for maintenance and servicing fees, until
29 the medical necessity ends. If the department establishes “capped
30 rental” reimbursement pursuant to this subdivision, monthly
31 reimbursement for the rental of these specific items of durable
32 medical equipment may not exceed 80 percent of the lowest
33 maximum allowance for California established by the federal
34 Medicare Program for the same or similar item or service.

35 (g) Notwithstanding Chapter 3.5 (commencing with Section
36 11340) of Part 1 of Division 3 of the Government Code, actions
37 under subdivisions (a) and (f) shall not be subject to the rulemaking

- 1 provisions of the Administrative Procedures Act or to the review
- 2 and approval of the Office of Administrative Law.

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