

AMENDED IN ASSEMBLY JUNE 10, 2010

AMENDED IN SENATE MAY 20, 2010

AMENDED IN SENATE APRIL 21, 2010

SENATE BILL

No. 1236

Introduced by Senator Alquist
(Coauthor: Assembly Member Beall)

February 19, 2010

An act to add and repeal Section 14133.55 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1236, as amended, Alquist. Medi-Cal: utilization controls.

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 establishes a program in Alameda County in which utilization controls shall not be required when, pursuant to federal law under the Medicare Program, a county hospital based utilization review committee has been established to determine the level of authorization for payment under Medi-Cal and a utilization plan has been filed with, and approved by, the department.

This bill would establish a program, whereby state utilization controls shall not be required for inpatient ~~hospitalization~~ at *hospital services provided by* designated public hospitals, as defined, with participation being optional for each hospital. The bill would require the department to consult with designated public hospitals in the development of the

~~program. The bill would require the nonfederal share of expenditures for inpatient hospitalization at designated public hospitals submitted to the federal Centers for Medicare and Medicaid Services for purposes of claiming federal financial participation pursuant to the above-described provisions to be comprised of only those funds that are paid and certified by designated public hospitals in accordance with applicable state and federal requirements. The bill would, to the extent the program increases the net costs to the state, require the participating designated public hospitals to agree to pay the state's additional administrative costs through an intergovernmental transfer of funds. This bill would require the department, as part of the above-described program, to seek any necessary federal approvals, including waivers and state plan amendments, for an alternative utilization control system, as specified. The bill would provide that an alternative utilization control system established for inpatient hospital services shall apply only to the extent that the nonfederal share of expenditures for the services is incurred by the designated public hospital or governmental entity with which it is affiliated, or is otherwise funded with public funds that are transferred to the state from the hospital or governmental entity.~~

This bill would provide that the above-described provisions shall become inoperative on the date the Director of Health Care Services executes a declaration specifying that *either* the nonfederal share of expenditures for inpatient hospitalization at designated public hospitals used for purposes of claiming federal financial participation is not comprised of funds that are paid and certified by designated public hospitals in accordance with applicable state and federal requirements *or the above-described program will result in increased costs to the General Fund.*

~~This bill would require the department to seek any necessary federal approvals, including waivers and state plan amendments, for implementing the above-described program, as specified.~~

Under existing law, one of the utilization controls to which services are subject under the Medi-Cal program is the treatment authorization request (TAR) process, which is approval by a department consultant of a specified service in advance of the rendering of that service based upon a determination of medical necessity. Existing law requires the department to pursue additional means to improve and streamline the TAR process.

In addition to the above-described program providing designated public hospitals with the option of not using state utilization controls,

the bill would authorize the department to utilize any process or program, including any pilot project, that is established or authorized pursuant to the above-described provisions authorizing the department to pursue additional means to improve and streamline the TAR process, that is modified or developed to meet the needs of the particular designated public hospital.

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 14133.55 is added to the Welfare and
2 Institutions Code, to read:

3 14133.55. (a) (1) There shall be established a program
4 whereby state utilization controls shall not be required for inpatient
5 ~~hospitalization at hospital services provided by~~ designated public
6 hospitals, as defined in subdivision (d) of Section ~~14166.1. The~~

7 *14166.1. The department shall consult with designated public*
8 *hospitals in the development of the program established pursuant*
9 *to this subdivision. Each designated public hospital shall have the*
10 *option to participate in the program established pursuant to this*
11 *subdivision.*

12 (2) (A) *In addition to the program established pursuant to*
13 *paragraph (1), the department may utilize any process or program,*
14 *including any pilot project, established or authorized pursuant to*
15 *Section 14133.01, that is modified or developed to meet the needs*
16 *of the particular designated public hospital.*

17 (B) *In utilizing a process or program pursuant to subparagraph*
18 *(A), the department shall consult with a designated public hospital*
19 *choosing to participate in that process or program.*

20 (b) ~~The~~ *As part of the program established pursuant to*
21 *subdivision (a), the department shall seek any necessary federal*
22 *approvals, including waivers and state plan amendments, for*
23 *implementing the program established pursuant to subdivision (a)*
24 *in a manner an alternative utilization control system that will*
25 *comply with applicable federal Medicaid requirements and allow*
26 *designated public hospitals to obtain federal financial participation*
27 *for inpatient ~~hospitalization at hospital services provided by~~*
28 *designated public hospitals.*

1 ~~(e) The nonfederal share of expenditures for inpatient~~
2 ~~hospitalization at designated public hospitals submitted to the~~
3 ~~federal Centers for Medicare and Medicaid Services for purposes~~
4 ~~of claiming federal financial participation pursuant to this section~~
5 ~~shall be comprised of only those funds that are paid and certified~~
6 ~~by designated public hospitals in accordance with applicable state~~
7 ~~and federal requirements.~~

8 *(c) An alternative utilization control system that is established*
9 *for inpatient hospital services pursuant to subdivision (a) shall*
10 *apply only to the extent that the nonfederal share of expenditures*
11 *for services is incurred by the designated public hospital or*
12 *governmental entity with which it is affiliated, or is otherwise*
13 *funded with public funds that are transferred to the state from the*
14 *designated public hospital or governmental entity with which it is*
15 *affiliated.*

16 (d) This section shall become inoperative *and be repealed* on
17 the date the Director of Health Care Services executes a declaration
18 specifying ~~that the~~ *either of the following:*

19 *(1) The nonfederal share of expenditures for inpatient*
20 ~~hospitalization at~~ *hospital services provided by designated public*
21 *hospitals used for purposes of claiming federal financial*
22 *participation is not comprised of funds that are paid and certified*
23 *incurred by designated public hospitals or the governmental entities*
24 *with which they are affiliated, or is not otherwise funded with*
25 *public funds that are transferred to the state from the designated*
26 *public hospitals or governmental entities with which they are*
27 *affiliated in accordance with applicable state and federal*
28 ~~requirements, and as of that date is repealed.~~ *requirements.*

29 *(2) The program established pursuant to subdivision (a) will*
30 *result in increased costs to the General Fund.*

31 (e) Notwithstanding Chapter 3.5 (commencing with Section
32 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
33 the department shall implement this section by means of policy
34 letters or similar instructions, without taking further regulatory
35 action.

36 ~~(f) To the extent that the program established pursuant to~~
37 ~~subdivision (a) increases the net costs to the state, the participating~~
38 ~~designated public hospitals shall agree to pay the state's additional~~
39 ~~administrative costs through an intergovernmental transfer of funds.~~

40 ~~(g)~~

- 1 *(f)* This section shall be implemented only to the extent federal
- 2 financial participation is available.

O