

Introduced by Senators Hernandez and SteinbergFebruary 15, 2011

An act relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 335, as introduced, Hernandez. 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 individuals. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law, subject to federal approval, imposes 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, 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 fiscal years, as defined. Existing law provides that the moneys in the Hospital Quality Assurance Revenue Fund shall, upon appropriation by the Legislature, be available only for certain purposes, including making these supplemental payments to hospitals.

This bill would provide that it is the intent of the Legislature to consider legislation that would impose a quality assurance fee to be paid by hospitals, for the period of July 1, 2011, through June 30, 2012, which would be used to increase federal financial participation in order

to make supplemental Medi-Cal payments to hospitals and pay for health care coverage for children, as specified. This bill would provide that it is the intent of the Legislature that the quality assurance fee be implemented only if specified conditions are met.

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

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

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

1 SECTION 1. The Legislature finds and declares both of the
2 following:

3 (a) The Legislature continues to recognize the essential role that
4 hospitals play in serving the state's Medi-Cal beneficiaries. To
5 that end, it has been, and remains, the intent of the Legislature to
6 preserve funding for hospitals and to obtain all available federal
7 funds to make supplemental Medi-Cal payments to hospitals.

8 (b) It is the intent of the Legislature that funding provided to
9 hospitals through a hospital quality assurance fee be explored with
10 the goal of increasing access to care and stabilizing hospital rates
11 through supplemental Medi-Cal payments to hospitals.

12 SEC. 2. (a) It is the intent of the Legislature to consider
13 legislation that would impose a quality assurance fee to be paid
14 by hospitals, which would be used to increase federal financial
15 participation in order to do both of the following:

16 (1) Make supplemental Medi-Cal payments to hospitals for the
17 period of July 1, 2011, through June 30, 2012.

18 (2) Pay for health care coverage for children in the amount of
19 forty million dollars (\$40,000,000) for each quarter in which
20 supplemental Medi-Cal payments are made to hospitals.

21 (b) It is the intent of the Legislature to consider legislation that
22 would require the State Department of Health Care Services to
23 obtain the necessary federal approvals to implement the quality
24 assurance fee described in subdivision (a) in order to make
25 supplemental Medi-Cal payments to hospitals for the period of
26 July 1, 2011, through June 30, 2012.

27 (c) It is the intent of the Legislature to consider legislation that
28 would require the quality assurance fee be implemented only if all
29 of the following conditions are met:

1 (1) The quality assurance fee is established in consultation with
2 the hospital community.

3 (2) The quality assurance fee, including any interest earned after
4 collection by the department, is deposited in a segregated fund
5 apart from the General Fund and used exclusively for supplemental
6 Medi-Cal payments to hospitals and for the direct costs of
7 administering the program by the State Department of Health Care
8 Services.

9 (3) No hospital shall be required to pay the quality assurance
10 fee to the department unless and until the state receives and
11 maintains federal approval of the quality assurance fee and related
12 supplemental payments to hospitals.

13 (4) The full amount of the quality assurance fee assessed and
14 collected remains available only for the purposes specified by the
15 Legislature.

16 SEC. 3. This act is an urgency statute necessary for the
17 immediate preservation of the public peace, health, or safety within
18 the meaning of Article IV of the Constitution and shall go into
19 immediate effect. The facts constituting the necessity are:

20 In order to make the necessary statutory changes to increase
21 Medi-Cal payments to hospitals and improve access at the earliest
22 possible time, so as to allow this act to be operative as soon as
23 approval from the federal Centers for Medicare and Medicaid
24 Services is obtained by the State Department of Health Care
25 Services, it is necessary that this act take effect immediately.