

AMENDED IN SENATE JANUARY 17, 2014

AMENDED IN SENATE JULY 2, 2013

AMENDED IN ASSEMBLY MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1124**

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**Introduced by Assembly Member Muratsuchi**

February 22, 2013

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An act to ~~repeal and add Section 14124.11 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.~~ *amend Section 14105.22 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1124, as amended, Muratsuchi. ~~Medi-Cal: Public Assistance Reporting Information System.~~ *Medi-Cal: reimbursement rates.*

*Existing law states the intent of the Legislature that the State Department of Health Care Services develop Medi-Cal reimbursement rates for clinical laboratory or laboratory services in accordance with specified criteria. Existing law exempts from compliance with a specified regulation laboratory providers reimbursed pursuant to any payment reductions implemented pursuant to these provisions for 21 months following the date of implementation of this reduction, and requires the department to adopt emergency regulations by July 1, 2014.*

*This bill would instead exempt these laboratory providers from compliance with the specified regulation until July 1, 2015, and would require the department to adopt emergency regulations by January 1, 2015.*

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

~~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. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law requires the department to establish a 2-year pilot program to utilize the federal Public Assistance Reporting Information System (PARIS) to identify veterans and their dependents or survivors who are enrolled in the Medi-Cal program and assist them in obtaining federal veteran health care benefits. Existing law requires the department to select 3 counties, as specified, to participate in the pilot project and authorizes the department to implement the program statewide at any time and continue the operation of PARIS indefinitely if the department determines that the pilot program is cost effective.~~

~~This bill would remove the pilot project status of these provisions and would require the department to implement this program statewide.~~

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

Vote:  $\frac{2}{3}$ . 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 14105.22 of the Welfare and Institutions
- 2     Code is amended to read:
- 3     14105.22. (a) (1) Reimbursement for clinical laboratory or
- 4     laboratory services, as defined in Section 51137.2 of Title 22 of
- 5     the California Code of Regulations, shall not exceed 80 percent
- 6     of the lowest maximum allowance established by the federal
- 7     Medicare Program for the same or similar services.
- 8     (2) This subdivision shall be implemented only until the new
- 9     rate methodology under subdivision (b) is approved by the federal
- 10    Centers for Medicare and Medicaid Services (CMS).
- 11    (b) (1) It is the intent of the Legislature that the department
- 12    develop reimbursement rates for clinical laboratory or laboratory
- 13    services that are comparable to the payment amounts received
- 14    from other payers for clinical laboratory or laboratory services.
- 15    Development of these rates will enable the department to reimburse

1 clinical laboratory or laboratory service providers in compliance  
2 with state and federal law.

3 (2) (A) The provisions of Section 51501(a) of Title 22 of the  
4 California Code of Regulations shall not apply to laboratory  
5 providers reimbursed under the new rate methodology developed  
6 for clinical laboratories or laboratory services pursuant to this  
7 subdivision.

8 (B) In addition to subparagraph (A), laboratory providers  
9 reimbursed under any payment reductions implemented pursuant  
10 to this section shall not be subject to the provisions of Section  
11 51501(a) of Title 22 of the California Code of Regulations ~~for 21~~  
12 ~~months following the date of implementation of this reduction~~  
13 *until July 1, 2015.*

14 (3) Reimbursement to providers for clinical laboratory or  
15 laboratory services shall not exceed the lowest of the following:

16 (A) The amount billed.

17 (B) The charge to the general public.

18 (C) Eighty percent of the lowest maximum allowance established  
19 by the federal Medicare Program for the same or similar services.

20 (D) A reimbursement rate based on an average of the lowest  
21 amount that other payers and other state Medicaid programs are  
22 paying for similar clinical laboratory or laboratory services.

23 (4) (A) In addition to the payment reductions implemented  
24 pursuant to Section 14105.192, payments shall be reduced by up  
25 to 10 percent for clinical laboratory or laboratory services, as  
26 defined in Section 51137.2 of Title 22 of the California Code of  
27 Regulations, for dates of service on and after July 1, 2012. The  
28 payment reductions pursuant to this paragraph shall continue until  
29 the new rate methodology under this subdivision has been approved  
30 by CMS.

31 (B) Notwithstanding subparagraph (A), the Family Planning,  
32 Access, Care, and Treatment (Family PACT) Program pursuant  
33 to subdivision (aa) of Section 14132 shall be exempt from the  
34 payment reduction specified in this section.

35 (5) (A) For purposes of establishing reimbursement rates for  
36 clinical laboratory or laboratory services based on the lowest  
37 amounts other payers are paying providers for similar clinical  
38 laboratory or laboratory services, laboratory service providers shall  
39 submit data reports within 11 months of the date the act that added  
40 this paragraph becomes effective and annually thereafter. The data

1 initially provided shall be for the 2011 calendar year, and for each  
2 subsequent year, shall be based on the previous calendar year and  
3 shall specify the provider's lowest amounts other payers are paying,  
4 including other state Medicaid programs and private insurance,  
5 minus discounts and rebates. The specific data required for  
6 submission under this subparagraph and the format for the data  
7 submission shall be determined and specified by the department  
8 after receiving stakeholder input pursuant to paragraph (7).

9 (B) The data submitted pursuant to subparagraph (A) may be  
10 used to determine reimbursement rates by procedure code based  
11 on an average of the lowest amount other payers are paying  
12 providers for similar clinical laboratory or laboratory services,  
13 excluding significant deviations of cost or volume factors and with  
14 consideration to geographical areas. The department shall have  
15 the discretion to determine the specific methodology and factors  
16 used in the development of the lowest average amount under this  
17 subparagraph to ensure compliance with federal Medicaid law and  
18 regulations as specified in paragraph (10).

19 (C) For purposes of subparagraph (B), the department may  
20 contract with a vendor for the purposes of collecting payment data  
21 reports from clinical laboratories, analyzing payment information,  
22 and calculating a proposed rate.

23 (D) The proposed rates calculated by the vendor described in  
24 subparagraph (C) may be used in determining the lowest  
25 reimbursement rate for clinical laboratories or laboratory services  
26 in accordance with paragraph (3).

27 (E) Data reports submitted to the department shall be certified  
28 by the provider's certified financial officer or an authorized  
29 individual.

30 (F) Clinical laboratory providers that fail to submit data reports  
31 within 30 working days from the time requested by the department  
32 shall be subject to the suspension provisions of subdivisions (a)  
33 and (c) of Section 14123.

34 (6) Data reports provided to the department pursuant to this  
35 section shall be confidential and shall be exempt from disclosure  
36 under the California Public Records Act (Chapter 3.5 (commencing  
37 with Section 6250) of Division 7 of Title 1 of the Government  
38 Code).

39 (7) The department shall seek stakeholder input on the  
40 ratesetting methodology.

1 (8) (A) Notwithstanding Chapter 3.5 (commencing with Section  
2 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
3 the department shall, without taking any further regulatory action,  
4 implement, interpret, or make specific this section by means of  
5 provider bulletins or similar instructions until regulations are  
6 adopted. It is the intent of the Legislature that the department have  
7 temporary authority as necessary to implement program changes  
8 until completion of the regulatory process.

9 (B) The department shall adopt emergency regulations no later  
10 than ~~July 1, 2014~~ *January 1, 2015*. The department may readopt  
11 any emergency regulation authorized by this section that is the  
12 same as or substantially equivalent to an emergency regulation  
13 previously adopted pursuant to this section. The initial adoption  
14 of emergency regulations implementing the amendments to this  
15 section and the one re-adoption of emergency regulations authorized  
16 by this section shall be deemed an emergency and necessary for  
17 the immediate preservation of the public peace, health, safety, or  
18 general welfare. Initial emergency regulations and the one  
19 re-adoption of emergency regulations authorized by this section  
20 shall be exempt from review by the Office of Administrative Law.

21 (C) The initial emergency regulations and the one re-adoption  
22 of emergency regulations authorized by this section shall be  
23 submitted to the Office of Administrative Law for filing with the  
24 Secretary of State and each shall remain in effect for no more than  
25 180 days, by which time final regulations may be adopted.

26 (9) To the extent that the director determines that the new  
27 methodology or payment reductions are not consistent with the  
28 requirements of Section 1396a(a)(30)(A) of Title 42 of the United  
29 States Code, the department may revert to the methodology under  
30 subdivision (a) to ensure access to care is not compromised.

31 (10) (A) The department shall implement this section in a  
32 manner that is consistent with federal Medicaid law and  
33 regulations. The director shall seek any necessary federal approvals  
34 for the implementation of this section. This section shall be  
35 implemented only to the extent that federal approval is obtained.

36 (B) In determining whether federal financial participation is  
37 available, the director shall determine whether the rates and  
38 payments comply with applicable federal Medicaid requirements,  
39 including those set forth in Section 1396a(a)(30)(A) of Title 42 of  
40 the United States Code.

1 (C) To the extent that the director determines that the rates and  
 2 payments do not comply with applicable federal Medicaid  
 3 requirements or that federal financial participation is not available  
 4 with respect to any reimbursement rate, the director retains the  
 5 discretion not to implement that rate or payment and may revise  
 6 the rate or payment as necessary to comply with federal Medicaid  
 7 requirements. The department shall notify the Joint Legislative  
 8 Budget Committee 10 days prior to revising the rate or payment  
 9 to comply with federal Medicaid requirements.

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

14 *In order to ensure that the State Department of Health Care*  
 15 *Services can establish a new pricing methodology by the statutory*  
 16 *deadline, it is necessary that this act take effect immediately.*

17 ~~SECTION 1. Section 14124.11 of the Welfare and Institutions~~  
 18 ~~Code is repealed.~~

19 ~~SEC. 2. Section 14124.11 is added to the Welfare and~~  
 20 ~~Institutions Code, to read:~~

21 ~~14124.11. (a) The department shall utilize the federal Public~~  
 22 ~~Assistance Reporting Information System (PARIS) to identify~~  
 23 ~~veterans and their dependents or survivors who are enrolled in the~~  
 24 ~~Medi-Cal program and assist them in obtaining federal veteran~~  
 25 ~~health care benefits.~~

26 ~~(b) The department shall exchange information with PARIS~~  
 27 ~~and identify veterans and their dependents or survivors who are~~  
 28 ~~receiving Medi-Cal benefits.~~

29 ~~(c) The department shall refer identified Medi-Cal beneficiaries~~  
 30 ~~who are receiving high-cost services, including long-term care, to~~  
 31 ~~county veteran service officers (CVSOs) to obtain information~~  
 32 ~~regarding, and assistance in obtaining, USDVA benefits.~~

33 ~~(d) In implementing this section, the department shall do all of~~  
 34 ~~the following:~~

35 ~~(1) Enter into an agreement with the California Department of~~  
 36 ~~Veterans Affairs (CDVA) to perform CVSO outreach services.~~  
 37 ~~The CDVA agreement shall contain performance standards that~~  
 38 ~~will allow the department to measure the effectiveness of the~~  
 39 ~~program established by this section.~~

1 ~~(2) Enter into any agreements that are required by the federal~~  
2 ~~government to utilize the PARIS system.~~

3 ~~(3) Perform any information technology activities that are~~  
4 ~~necessary to utilize the PARIS system.~~

5 ~~(e) Notwithstanding Chapter 3.5 (commencing with Section~~  
6 ~~11340) of Part 1 of Division 3 of Title 2 of the Government Code,~~  
7 ~~the department may implement, interpret, or make specific this~~  
8 ~~section by means of written directives without taking further~~  
9 ~~regulatory action.~~

10 ~~(f) In order to achieve maximum cost savings, the Legislature~~  
11 ~~hereby determines that an expedited contract process for contracts~~  
12 ~~under this section is necessary. Therefore, contracts under this~~  
13 ~~section shall be exempt from the Public Contract Code and from~~  
14 ~~Chapter 3 (commencing with Section 11250) of Part 1 of Division~~  
15 ~~3 of Title 2 of the Government Code.~~

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 ensure that veterans and their dependents or survivors~~  
21 ~~throughout the state who are enrolled in the Medi-Cal program~~  
22 ~~receive assistance in obtaining federal veteran health care benefits~~  
23 ~~as soon as possible, it is necessary that this act take effect~~  
24 ~~immediately.~~