

AMENDED IN SENATE JUNE 11, 2013

AMENDED IN ASSEMBLY MAY 23, 2013

AMENDED IN ASSEMBLY APRIL 23, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1233

Introduced by Assembly Member Chesbro

February 22, 2013

An act to amend Section 14132.47 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1233, as amended, Chesbro. Medi-Cal: Administrative Claiming process.

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 establishes an Administrative Claiming process under which local governmental agencies and local educational consortia contract with the department for the purpose of obtaining federal matching funds to assist with the performance of administrative activities relating to the Medi-Cal program. Under existing law, a participating local governmental agency may include a Native American Indian tribe, a tribal organization, or a subgroup of a Native American Indian tribe or tribal organization.

This bill would authorize a Native American Indian tribe, a tribal organization, or a subgroup of a Native American Indian tribe or tribal

organization to ~~facilitate Medi-Cal eligibility determinations claim, as a Medi-Cal Administrative Activity, facilitating Medi-Cal applications~~ using the California Healthcare Eligibility, Enrollment, and Retention System as a ~~Medi-Cal Administrative Activities-specific activity.~~

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 14132.47 of the Welfare and Institutions
2 Code is amended to read:

3 14132.47. (a) It is the intent of the Legislature to provide local
4 governmental agencies the choice of participating in either or both
5 of the Targeted Case Management (TCM) and Administrative
6 Claiming process programs at their option, subject to the
7 requirements of this section and Section 14132.44.

8 (b) The department may contract with each participating local
9 governmental agency or each local educational consortium to assist
10 with the performance of administrative activities necessary for the
11 proper and efficient administration of the Medi-Cal program,
12 pursuant to Section 1903a of the federal Social Security Act (42
13 U.S.C. Sec. 1396b(a)), and this activity shall be known as the
14 Administrative Claiming process.

15 (c) (1) Subject to the requirements of paragraph (2) of
16 subdivision (f), as a condition for participation in the
17 Administrative Claiming process, each participating local
18 governmental agency or each local educational consortium shall,
19 for the purpose of claiming federal Medicaid reimbursement, enter
20 into a contract with the department and shall certify to the
21 department the total amount the local governmental agency or each
22 local educational consortium expended on the allowable
23 administrative activities.

24 (2) The department shall deny the claim if it determines that the
25 certification is not adequately supported, or does not otherwise
26 comply with federal requirements, for purposes of claiming federal
27 financial participation.

28 (d) Each participating local governmental agency or local
29 educational consortium may subcontract with private or public

1 entities to assist with the performance of administrative activities
2 necessary for the proper and efficient administration of the
3 Medi-Cal program under the conditions specified by the department
4 in regulations.

5 (e) Each Administrative Claiming process contract shall include
6 a requirement that each participating local governmental agency
7 or each local educational consortium submit a claiming plan in a
8 manner that shall be prescribed by the department in regulations,
9 developed in consultation with local governmental agencies.

10 (f) (1) The department shall require that each participating local
11 governmental agency or each local educational consortium certify
12 to the department both of the following:

13 (A) The expenditure of 100 percent of the cost of performing
14 Administrative Claiming process activities. The funds expended
15 for this purpose shall be from the local governmental agency's
16 general fund or the general funds of local educational agencies or
17 from any other funds allowed under federal law and regulation.

18 (B) In each fiscal year that its expenditures represent costs that
19 are eligible for federal financial participation for that fiscal year.
20 The department shall deny the claim if it determines that the
21 certification is not adequately supported for purposes of federal
22 financial participation.

23 (2) (A) (i) A city that is not a participating local governmental
24 agency, or any other local public entity, that contracts with a local
25 governmental agency pursuant to subdivision (d) and that is located
26 within a county that is a participating local governmental agency
27 pursuant to this section, may submit certification to the local
28 governmental agency of amounts expended for Administrative
29 Claiming services in accordance with Section 433.51 of Title 42
30 of the Code of Federal Regulations.

31 (ii) A city or other local public entity that submits certification
32 pursuant to this paragraph shall comply with the requirements of
33 paragraph (1), with other requirements applicable to local
34 governmental agencies that the department determines, in
35 regulations, to be applicable, and with all applicable federal
36 requirements.

37 (iii) The local governmental agency shall forward the city's or
38 local public entity's certification to the department for the purposes
39 of claiming federal financial participation.

1 (iv) As applicable, the local governmental agency shall obtain
2 and retain appropriate certifications from the expending city or
3 local public entity, together with documentation of the underlying
4 expenditures, as required by the department.

5 (B) A tribe or tribal organization, as defined in subdivision (n),
6 that is not participating in Administrative Claiming process
7 activities as a local governmental agency, may contract with, and
8 submit to a tribe or tribal organization that is contracting with, the
9 department pursuant to subdivision (b) amounts expended for
10 Administrative Claiming process activities that it is certifying in
11 accordance with Section 433.51 of Title 42 of the Code of Federal
12 Regulations and other applicable federal law and regulations. The
13 tribe or tribal organization receiving the certification shall forward
14 it to the department for purposes of claiming federal financial
15 participation. The certification shall comply with all of the
16 requirements for certification set forth in subparagraph (A).

17 (g) (1) Notwithstanding any other provision of this section, the
18 state shall be held harmless, in accordance with paragraphs (2)
19 and (3), from any federal audit disallowance and interest resulting
20 from payments made to a participating local governmental agency
21 or local educational consortium pursuant to this section, for the
22 disallowed claim.

23 (2) To the extent that a federal audit disallowance and interest
24 results from a claim or claims for which any participating local
25 governmental agency or local educational consortium has received
26 reimbursement for Administrative Claiming process activities, the
27 department shall recoup from the local governmental agency or
28 local educational consortium that submitted the disallowed claim,
29 through offsets or by a direct billing, amounts equal to the amount
30 of the disallowance and interest, in that fiscal year, for the
31 disallowed claim. All subsequent claims submitted to the
32 department applicable to any previously disallowed administrative
33 activity or claim, may be held in abeyance, with no payment made,
34 until the federal disallowance issue is resolved.

35 (3) Notwithstanding paragraph (2), to the extent that a federal
36 audit disallowance and interest results from a claim or claims for
37 which the participating local governmental agency or local
38 educational consortium has received reimbursement for
39 Administrative Claiming process activities performed by an entity
40 under contract with, and on behalf of, the participating local

1 governmental agency or local educational consortium, the
2 department shall be held harmless by that particular participating
3 local governmental agency or local educational consortium for
4 100 percent of the amount of the federal audit disallowance and
5 interest, for the disallowed claim.

6 (h) The use of local funds required by this section shall not
7 create, lead to, or expand the health care funding obligations or
8 service obligations for current or future years for any participating
9 local governmental agency or local educational consortium, except
10 as required by this section or as may be required by federal law.

11 (i) The department shall deny any claim from a participating
12 local governmental agency or local educational consortium if the
13 department determines that the claim is not adequately supported
14 in accordance with criteria established pursuant to this subdivision
15 and implementing regulations before it forwards the claim for
16 reimbursement to the federal Medicaid Program. In consultation
17 with ~~local government~~ *governmental* agencies and local educational
18 consortia, the department shall adopt regulations that prescribe the
19 requirements for the submission and payment of claims for
20 administrative activities performed by each participating local
21 governmental agency and local educational consortium.

22 (j) Administrative activities shall be those determined by the
23 department to be necessary for the proper and efficient
24 administration of the state's Medicaid plan and shall be defined
25 in regulation.

26 (k) If the department denies any claim submitted under this
27 section, the affected participating local governmental agency or
28 local educational consortium may, within 30 days after receipt of
29 written notice of the denial, request that the department reconsider
30 its action. The participating local governmental agency or local
31 educational consortium may request a meeting with the director
32 or his or her designee within 30 days to present its concerns to the
33 department after the request is filed. If the director or his or her
34 designee cannot meet, the department shall respond in writing
35 indicating the specific reasons for which the claim is out of
36 compliance to the participating local governmental agency or local
37 educational consortium in response to its appeal. Thereafter, the
38 decision of the director shall be final.

39 (l) To the extent consistent with federal law and regulations,
40 participating local governmental agencies or local educational

1 consortium may claim the actual costs of nonemergency,
2 nonmedical transportation of Medi-Cal eligibles to Medi-Cal
3 covered services, under guidelines established by the department,
4 to the extent that these costs are actually borne by the participating
5 local governmental agency or local educational consortium. A
6 local educational consortium may only claim for nonemergency,
7 nonmedical transportation of Medi-Cal eligibles for Medi-Cal
8 covered services, through the Medi-Cal administrative activities
9 program. Medi-Cal medical transportation services shall be claimed
10 under the local educational agency Medi-Cal billing option,
11 pursuant to Section 14132.06.

12 (m) As a condition of participation in the Administrative
13 Claiming process and in recognition of revenue generated to each
14 participating local governmental agency and each local educational
15 consortium in the Administrative Claiming process, each
16 participating local governmental agency and each local educational
17 consortium shall pay an annual participation fee through a
18 mechanism agreed to by the state and local governmental agencies
19 and local educational consortia, or, if no agreement is reached by
20 August 1 of each year, directly to the state. The participation fee
21 shall be used to cover the cost of administering the Administrative
22 Claiming process, including, but not limited to, claims processing,
23 technical assistance, and monitoring. The department shall
24 determine and report staffing requirements upon which projected
25 costs will be based. The amount of the participation fee shall be
26 based upon the anticipated salaries, benefits, and operating
27 expenses, to administer the Administrative Claiming process and
28 other costs related to that process.

29 (n) (1) For the purposes of this section, “participating local
30 governmental agency” means a county, chartered city, Native
31 American Indian tribe, tribal organization, or subgroup of a Native
32 American Indian tribe or tribal organization, under contract with
33 the department pursuant to subdivision (b).

34 (2) Each participating Native American Indian tribe, tribal
35 organization, or subgroup of a Native American Indian tribe or
36 tribal organization may ~~facilitate Medi-Cal eligibility~~
37 ~~determinations~~ *claim, as a Medi-Cal Administrative Activity,*
38 *facilitating Medi-Cal applications* using the California Healthcare
39 Eligibility, Enrollment, and Retention System ~~as a Medi-Cal~~
40 ~~Administrative Activities-specific activity.~~

1 (o) For purposes of this section, “local educational agency”
2 means a local educational agency, as defined in subdivision (h) of
3 Section 14132.06, that participates under the Administrative
4 Claiming process as a subcontractor to the local educational
5 consortium in its service region.

6 (p) (1) For purposes of this section, “local educational
7 consortium” means a local agency that is one of the service regions
8 of the California County Superintendent Educational Services
9 Association.

10 (2) Each local educational consortium shall contract with the
11 department pursuant to paragraph (1) of subdivision (c).

12 (q) (1) Each participating local educational consortium shall
13 be responsible for the local educational agencies in its service
14 region that participate in the Administrative Claiming process.
15 This responsibility includes, but is not limited to, the preparation
16 and submission of all administrative claiming plans, training of
17 local educational agency staff, overseeing the local educational
18 agency time survey process, and the submission of detailed
19 quarterly invoices on behalf of any participating local educational
20 agency.

21 (2) Each participating local educational consortium shall ensure
22 local educational agency compliance with all requirements of the
23 Administrative Claiming process established for local governmental
24 agencies.

25 (3) Ninety days prior to the initial participation in the
26 Administrative Claiming process, each local educational
27 consortium shall notify the department of its intent to participate
28 in the process, and shall identify each local educational agency
29 that will be participating as its subcontractor.

30 (r) (1) Each local educational agency that elects to participate
31 in the Administrative Claiming process shall submit claims through
32 its local educational consortium or through the local governmental
33 agency, but not both.

34 (2) Each local educational agency participating as a
35 subcontractor to a local educational consortium shall comply with
36 all requirements of the Administrative Claiming process established
37 for local governmental agencies.

38 (s) A participating local governmental agency or a local
39 educational consortium may charge an administrative fee to any
40 entity claiming Administrative Claiming through that agency.

1 (t) The department shall continue to administer the
2 Administrative Claiming process in conformity with federal
3 requirements.

4 (u) The department shall provide technical assistance to all
5 participating local governmental agencies and local educational
6 consortia in order to maximize federal financial participation in
7 the Administrative Claiming process.

8 (v) This section shall be applicable to Administrative Claiming
9 process activities performed, and to moneys paid to participating
10 local governmental agencies for those activities in the 1994–95
11 fiscal year and thereafter, and to local educational consortia in the
12 1998–99 fiscal year and thereafter.

13 (w) Nothing in this section or Section 14132.44 shall be
14 construed to prevent any state agency from participating in the
15 Administrative Claiming process or from contracting with others
16 to engage in these activities.

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

21 In order to facilitate implementation of the federal Patient
22 Protection and Affordable Care Act (Public Law 111-148), as
23 amended by the federal Health Care and Education Reconciliation
24 Act of 2010 (Public Law 111-152) at the earliest possible time, it
25 is necessary that this act take effect immediately.

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