

AMENDED IN SENATE JULY 2, 2013
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 claim, as a Medi-Cal Administrative Activity, facilitating Medi-Cal applications, *which includes, but is not limited to*, using the California Healthcare Eligibility, Enrollment, and Retention System.

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

Vote: 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.

1 (d) Each participating local governmental agency or local
2 educational consortium may subcontract with private or public
3 entities to assist with the performance of administrative activities
4 necessary for the proper and efficient administration of the
5 Medi-Cal program under the conditions specified by the department
6 in regulations.

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

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

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

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

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

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

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

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

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

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

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

38 (3) Notwithstanding paragraph (2), to the extent that a federal
39 audit disallowance and interest results from a claim or claims for
40 which the participating local governmental agency or local

1 educational consortium has received reimbursement for
2 Administrative Claiming process activities performed by an entity
3 under contract with, and on behalf of, the participating local
4 governmental agency or local educational consortium, the
5 department shall be held harmless by that particular participating
6 local governmental agency or local educational consortium for
7 100 percent of the amount of the federal audit disallowance and
8 interest, for the disallowed claim.

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

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

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

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

1 educational consortium in response to its appeal. Thereafter, the
2 decision of the director shall be final.

3 (l) To the extent consistent with federal law and regulations,
4 participating local governmental agencies or local educational
5 consortium may claim the actual costs of nonemergency,
6 nonmedical transportation of Medi-Cal eligibles to Medi-Cal
7 covered services, under guidelines established by the department,
8 to the extent that these costs are actually borne by the participating
9 local governmental agency or local educational consortium. A
10 local educational consortium may only claim for nonemergency,
11 nonmedical transportation of Medi-Cal eligibles for Medi-Cal
12 covered services, through the Medi-Cal administrative activities
13 program. Medi-Cal medical transportation services shall be claimed
14 under the local educational agency Medi-Cal billing option,
15 pursuant to Section 14132.06.

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

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

38 (2) Each participating Native American Indian tribe, tribal
39 organization, or subgroup of a Native American Indian tribe or
40 tribal organization may claim, as a Medi-Cal Administrative

1 Activity, facilitating Medi-Cal applications, *which includes, but*
2 *is not limited to*, using the California Healthcare Eligibility,
3 Enrollment, and Retention System.

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

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

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

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

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

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

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

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

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

4 (t) The department shall continue to administer the
5 Administrative Claiming process in conformity with federal
6 requirements.

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

11 (v) This section shall be applicable to Administrative Claiming
12 process activities performed, and to moneys paid to participating
13 local governmental agencies for those activities in the 1994–95
14 fiscal year and thereafter, and to local educational consortia in the
15 1998–99 fiscal year and thereafter.

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

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

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

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