

AMENDED IN ASSEMBLY APRIL 11, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1288

Introduced by Assembly Member V. Manuel Pérez

February 22, 2013

An act to amend Sections 14085.7 and 14085.8 of *add Section 2092 to the Welfare and Institutions Business and Professions Code*, relating to health, and making an appropriation therefor: *healing arts*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1288, as amended, V. Manuel Pérez. ~~Medi-Cal: supplemental hospital funding. Medical Board of California: licensing: application processing.~~

~~Existing law, operative until June 30, 2013, establishes the Medi-Cal Medical Education Supplemental Payment Fund and the Large Teaching Emphasis Hospital and Children's Hospital Medi-Cal Medical Education Supplemental Payment Fund. Moneys in those funds are continuously appropriated to the State Department of Health Care Services to make supplemental payments to eligible teaching hospitals to reflect additional costs incurred by those hospitals for services rendered to Medi-Cal beneficiaries. law, the Medical Practice Act, provides for licensure and regulation of physicians and surgeons by the Medical Board of California. Existing law establishes the California Healthcare Workforce Policy Commission and requires the commission to, among other things, identify specific areas of the state where unmet priority needs for primary care exist.~~

This bill would prohibit supplemental payments from those funds to a hospital unless the hospital has demonstrated that it provides primary care, pediatric care, and obstetric and gynecology care to individuals from medically underserved communities. The bill would also extend the operation of these provisions to June 30, 2015, and, by extending the operative period of continuously appropriated funds, would make an appropriation. *require the Medical Board of California to develop a process to give priority review status to the application of an applicant who can demonstrate, as specified, that he or she intends to practice in a medically underserved area or serve a medical underserved population.*

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

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

- 1 SECTION 1. Section 2092 is added to the Business and
- 2 Professions Code, to read:
- 3 2092. (a) The board shall develop a process to give priority
- 4 review status to the application of an applicant for a physician
- 5 and surgeon’s certificate who can demonstrate that he or she
- 6 intends to practice in a medically underserved area or serve a
- 7 medically underserved population as defined in Section 128565
- 8 of the Health and Safety Code.
- 9 (b) An applicant may demonstrate his or her intent to practice
- 10 in a medically underserved area or serve a medically underserved
- 11 population by providing proper documentation, including, but not
- 12 limited to, a letter from the employer indicating that the applicant
- 13 has accepted employment and stating the start date.
- 14 SECTION 1. ~~Section 14085.7 of the Welfare and Institutions~~
- 15 Code is amended to read:
- 16 14085.7. (a) ~~The Medi-Cal Medical Education Supplemental~~
- 17 ~~Payment Fund is hereby created in the State Treasury.~~
- 18 ~~Notwithstanding Section 13340 of the Government Code, the fund~~
- 19 ~~shall be continuously appropriated to, and under the administrative~~
- 20 ~~control of, the department for the purposes specified in this section.~~
- 21 ~~Except as otherwise limited by this section, the fund shall consist~~
- 22 ~~of all of the following:~~
- 23 (1) ~~All public moneys transferred by public agencies to the~~
- 24 ~~department for deposit into the fund, as permitted under Section~~

1 433.51 of Title 42 of the Code of Federal Regulations or any other
2 applicable federal Medicaid laws.

3 ~~(2) All private moneys donated by private individuals or entities~~
4 ~~to the department for deposit in the fund as permitted under~~
5 ~~applicable federal Medicaid laws.~~

6 ~~(3) Any amounts appropriated to the fund by the Legislature.~~

7 ~~(4) Any interest that accrues on amounts in the fund.~~

8 ~~(b) Any public agency transferring moneys to the fund may, for~~
9 ~~that purpose, utilize any revenues, grants, or allocations received~~
10 ~~from the state for health care programs or purposes, unless~~
11 ~~otherwise prohibited by law. A public agency may also utilize its~~
12 ~~general funds or any other public moneys or revenues for purposes~~
13 ~~of transfers to the fund, unless otherwise prohibited by law.~~

14 ~~(c) The department shall have the discretion to accept or not~~
15 ~~accept moneys offered to the department for deposit in the fund.~~
16 ~~If the department accepts moneys pursuant to this section, the~~
17 ~~department shall obtain federal matching funds to the full extent~~
18 ~~permitted by law. The department shall accept only those funds~~
19 ~~that are certified by the transferring or donating entity as qualifying~~
20 ~~for federal financial participation under the terms of the Medicaid~~
21 ~~Voluntary Contribution and Provider-Specific Tax Amendments~~
22 ~~of 1991 (Public Law 102-234) or Section 433.51 of Title 42 of the~~
23 ~~Code of Federal Regulations, as applicable, and may return any~~
24 ~~funds transferred or donated in error.~~

25 ~~(d) Moneys in the fund shall be used as the source for the~~
26 ~~nonfederal share of payments to hospitals under this section.~~
27 ~~Moneys shall be allocated from the fund by the department and~~
28 ~~matched by federal funds in accordance with customary Medi-Cal~~
29 ~~accounting procedures for purposes of payments under subdivision~~
30 ~~(e). Distributions from the fund shall be supplemental to any other~~
31 ~~amounts that hospitals receive under the contracting program.~~

32 ~~(e) (1) For purposes of recognizing medical education costs~~
33 ~~incurred for services rendered to Medi-Cal beneficiaries, payments~~
34 ~~from this fund shall be negotiated between the California Medical~~
35 ~~Assistance Commission and hospitals contracting under this article~~
36 ~~that meet the definition of university teaching hospitals or major~~
37 ~~(nonuniversity) teaching hospitals as set forth on page 51 and as~~
38 ~~listed on page 57 of the department's report dated May 1991,~~
39 ~~entitled "Hospital Peer Grouping." Payments from the fund shall~~

1 be used solely for the purposes identified in the contract between
2 the hospital and the state.

3 ~~(2) The department shall not make payments from the fund to~~
4 ~~a hospital contracting under this article unless the hospital has~~
5 ~~demonstrated to the commission's satisfaction that the hospital~~
6 ~~provides primary care, pediatric care, and obstetric and gynecology~~
7 ~~care to individuals from medically underserved communities. This~~
8 ~~paragraph shall not apply to payments from the fund made under~~
9 ~~contracts entered into before the operative date of the act adding~~
10 ~~this paragraph.~~

11 ~~(f) The state shall be held harmless from any federal~~
12 ~~disallowance resulting from this section. A hospital receiving~~
13 ~~supplemental reimbursement pursuant to this section shall be liable~~
14 ~~for any reduced federal financial participation resulting from the~~
15 ~~implementation of this section with respect to that hospital. The~~
16 ~~state may recoup any federal disallowance from the hospital.~~

17 ~~(g) This section shall become inoperative on June 30, 2015,~~
18 ~~and, as of January 1, 2016, is repealed, unless a later enacted~~
19 ~~statute, that becomes operative on or before January 1, 2016,~~
20 ~~deletes or extends the dates on which it becomes inoperative and~~
21 ~~is repealed.~~

22 ~~SEC. 2. Section 14085.8 of the Welfare and Institutions Code~~
23 ~~is amended to read:~~

24 ~~14085.8. (a) The Large Teaching Emphasis Hospital and~~
25 ~~Children's Hospital Medi-Cal Medical Education Supplemental~~
26 ~~Payment Fund is hereby created in the State Treasury.~~

27 ~~(b) Notwithstanding Section 13340 of the Government Code,~~
28 ~~the fund shall be continuously appropriated to, and under the~~
29 ~~administrative control of, the department for the purposes specified~~
30 ~~in this section.~~

31 ~~(c) Except as otherwise limited by this section, the fund shall~~
32 ~~consist of all of the following:~~

33 ~~(1) All public moneys transferred by public agencies to the~~
34 ~~department for deposit into the fund, as permitted under Section~~
35 ~~433.51 of Title 42 of the Code of Federal Regulations or any other~~
36 ~~applicable federal Medicaid laws.~~

37 ~~(2) All private moneys donated by private individuals or entities~~
38 ~~to the department for deposit in the fund as permitted under~~
39 ~~applicable federal Medicaid laws.~~

40 ~~(3) Any amounts appropriated to the fund by the Legislature.~~

1 ~~(4) Any interest that accrues on amounts in the fund.~~

2 ~~(d) Any public agency transferring moneys to the fund may, for~~
3 ~~that purpose, utilize any revenues, grants, or allocations received~~
4 ~~from the state for health care programs or purposes, unless~~
5 ~~otherwise prohibited by law. A public agency may also utilize its~~
6 ~~general funds or any other public moneys or revenues for purposes~~
7 ~~of transfers to the fund, unless otherwise prohibited by law.~~

8 ~~(e) The department may accept or not accept moneys offered~~
9 ~~to the department for deposit in the fund. If the department accepts~~
10 ~~moneys pursuant to this section, the department shall obtain federal~~
11 ~~matching funds to the full extent permitted by law. The department~~
12 ~~shall accept only those funds that are certified by the transferring~~
13 ~~or donating entity as qualifying for federal financial participation~~
14 ~~under the terms of the Medicaid Voluntary Contribution and~~
15 ~~Provider-Specific Tax Amendments of 1991 (Public Law 102-234)~~
16 ~~or Section 433.51 of Title 42 of the Code of Federal Regulations,~~
17 ~~as applicable, and may return any funds transferred or donated in~~
18 ~~error.~~

19 ~~(f) Moneys in the fund shall be used as the source for the~~
20 ~~nonfederal share of payments to hospitals under this section.~~
21 ~~Moneys shall be allocated from the fund by the department and~~
22 ~~matched by federal funds in accordance with customary Medi-Cal~~
23 ~~accounting procedures for purposes of payments under subdivision~~
24 ~~(g). Distributions from the fund shall be supplemental to any other~~
25 ~~amounts that hospitals receive under the contracting program.~~

26 ~~(g) (1) For purposes of recognizing medical education costs~~
27 ~~incurred for services rendered to Medi-Cal beneficiaries, contracts~~
28 ~~for payments from the fund may, at the discretion of the California~~
29 ~~Medical Assistance Commission, be negotiated between the~~
30 ~~commission and hospitals contracting under this article that are~~
31 ~~defined as either of the following:~~

32 ~~(A) A large teaching emphasis hospital, as set forth on page 51~~
33 ~~and listed on page 57 of the department's report dated May 1991,~~
34 ~~entitled "Hospital Peer Grouping," and meets the definition of~~
35 ~~eligible hospital as defined in paragraph (3) of subdivision (a) of~~
36 ~~Section 14105.98.~~

37 ~~(B) A children's hospital pursuant to Section 10727 and meets~~
38 ~~the definition of eligible hospital as defined in paragraph (3) of~~
39 ~~subdivision (a) of Section 14105.98.~~

- 1 ~~(2) Payments from the fund shall be used solely for the purposes~~
- 2 ~~identified in the contract between the hospital and the state.~~
- 3 ~~(3) The department shall not make payments from the fund to~~
- 4 ~~a hospital contracting under this article unless the hospital has~~
- 5 ~~demonstrated to the commission's satisfaction that the hospital~~
- 6 ~~provides primary care, pediatric care, and obstetric and gynecology~~
- 7 ~~care to individuals from medically underserved communities. This~~
- 8 ~~paragraph shall not apply to payments from the fund made under~~
- 9 ~~contracts entered into before the operative date of the act adding~~
- 10 ~~this paragraph.~~
- 11 ~~(h) The state shall be held harmless from any federal~~
- 12 ~~disallowance resulting from this section. A hospital receiving~~
- 13 ~~supplemental reimbursement pursuant to this section shall be liable~~
- 14 ~~for any reduced federal financial participation resulting from the~~
- 15 ~~implementation of this section with respect to that hospital. The~~
- 16 ~~state may recoup any federal disallowance from the hospital.~~
- 17 ~~(i) This section shall become inoperative on June 30, 2015, and,~~
- 18 ~~as of January 1, 2016, is repealed, unless a later enacted statute,~~
- 19 ~~that becomes operative on or before January 1, 2016, deletes or~~
- 20 ~~extends the dates on which it becomes inoperative and is repealed.~~