

AMENDED IN ASSEMBLY MAY 23, 2014  
AMENDED IN ASSEMBLY APRIL 21, 2014  
AMENDED IN ASSEMBLY MARCH 25, 2014  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1759**

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**Introduced by Assembly Members Pan and Skinner  
(Coauthor: Assembly Member Bonta)**

February 14, 2014

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An act to add ~~Sections 14105.196 and~~ *Section* 14105.197 to the Welfare and Institutions Code, relating to health care services.

LEGISLATIVE COUNSEL'S DIGEST

AB 1759, as amended, Pan. Medi-Cal: reimbursement ~~rates.~~ *rates:* *care: independent assessment.*

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 persons. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions. ~~Existing federal law requires the state to provide payment for primary care services furnished in the 2013 and 2014 calendar years by Medi-Cal providers with specified primary specialty designations at a rate not less than 100% of the payment rate that applies to those services and physicians under the Medicare Program~~ *Existing law requires the director of the department to prescribe policies regarding the Medi-Cal program, including polices regarding rates of payment for health care services.*

~~Existing state law requires, to the extent required by federal law, and beginning January 1, 2013, through and including December 31, 2014,~~

~~that payments for primary care services provided by specified physicians be no less than 100% of the payment rate that applies to those services and physicians as established by the Medicare Program, for both fee-for-service and managed care plans.~~

~~This bill would require that those payments continue indefinitely to the extent permitted by federal law but only to the extent that federal financial participation is available and would also require that those payments be made to other providers identified in federal law as eligible for the increased reimbursement. The bill would authorize the department to implement these provisions through provider bulletins without taking regulatory action until regulations are adopted and would require the department to adopt those regulations by July 1, 2017. The bill also would request the University of California to annually conduct an independent assessment of Medi-Cal provider reimbursement rates and rates, access to care, and the quality of care received in the Medi-Cal program, reflecting the variety of providers and services offered in the program. The bill would also require the department director to annually review the findings and recommendations of that assessment and suggest adjustments to the reimbursement rates as necessary to ensure that quality and access in the Medi-Cal fee-for-service program and in Medi-Cal managed care plans are adequate to meet applicable state and federal standards. The bill would require that the findings and recommendations of the independent assessment and the director’s suggested adjustments to provider reimbursement rates be submitted to the Legislature annually as part of the Governor’s Budget. The bill would also create an advisory committee composed of 16 members appointed by the Governor and the Legislature, as specified, to meet periodically with the University of California and provide input on the assessment conducted pursuant to the bill’s provisions.~~

Vote: majority. 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 14105.196 is added to the Welfare and~~
- 2     ~~Institutions Code, to read:~~
- 3     ~~14105.196. (a) It is the intent of the Legislature to maintain~~
- 4     ~~the increased reimbursement rates for primary care providers in~~
- 5     ~~the Medi-Cal program upon expiration of the temporary increase~~

1 provided for under Chapter 23 of the Statutes of 2012, as amended  
2 by Chapter 438 of the Statutes of 2012, in order to ensure adequate  
3 access to these providers. It is also the intent of the Legislature to  
4 provide a mechanism to increase reimbursement rates for other  
5 Medi-Cal providers in order to comply with federal Medicaid  
6 requirements that care and services are available to Medi-Cal  
7 enrollees at least to the extent that care and services are available  
8 to the general population in the geographic area.

9 (b) Beginning January 1, 2015, to the extent permitted by federal  
10 law and regulations, payments for primary care services provided  
11 by a physician with a primary specialty designation of family  
12 medicine, general internal medicine, or pediatric medicine shall  
13 not be less than 100 percent of the payment rate that applies to  
14 those services and physicians as established by the Medicare  
15 Program, for both fee-for-service and managed care plans.

16 (e) (1) To the extent required by federal law or regulation,  
17 beginning January 1, 2015, through and including the date specified  
18 in that federal law or regulation, payments for primary care services  
19 provided by a provider other than a physician shall not be less than  
20 100 percent of the payment rate that applies to those services and  
21 providers as established by the Medicare Program, for both  
22 fee-for-service and managed care plans.

23 (2) To the extent permitted by federal law and regulation, the  
24 payments to the providers identified in paragraph (1) shall continue  
25 indefinitely.

26 (d) Notwithstanding any other law, to the extent permitted by  
27 federal law and regulations, the payments for primary care services  
28 made pursuant to this section shall be exempt from the payment  
29 reductions under Sections 14105.191 and 14105.192.

30 (e) Payment increases made pursuant to this section shall not  
31 apply to provider rates of payment described in Section 14105.18  
32 for services provided to individuals not eligible for Medi-Cal or  
33 the Family Planning, Access, Care, and Treatment (Family PACT)  
34 Program.

35 (f) For purposes of this section, the following definitions shall  
36 apply:

37 (1) “Primary care services” and “primary specialty” means the  
38 services and primary specialties defined in Section 1202 of the  
39 federal Health Care and Education Reconciliation Act of 2010

1 (Public Law 111-152; 42 U.S.C. Sec. 1396a(a)(13)(C)), and any  
2 amendments to that section, and related federal regulations.

3 (2) “A provider other than a physician” means a health care  
4 provider, other than a physician, who is identified in federal law  
5 or regulation as eligible for payments for primary care services  
6 rendered under the federal Medicaid program at a rate not less than  
7 100 percent of the payment rate that applies to those services as  
8 established by the Medicare Program.

9 (g) Notwithstanding any other law, the payment increase  
10 implemented pursuant to this section shall apply to managed care  
11 health plans that contract with the department pursuant to Chapter  
12 8.75 (commencing with Section 14591) and to contracts with the  
13 Senior Care Action Network and the AIDS Healthcare Foundation,  
14 and to the extent that the services are provided through any of  
15 these contracts, payments shall be increased by the actuarial  
16 equivalent amount of the payment increases pursuant to contract  
17 amendments or change orders effective on or after January 1, 2015.

18 (h) Notwithstanding Chapter 3.5 (commencing with Section  
19 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
20 the department shall implement, clarify, make specific, and define  
21 the provisions of this section by means of provider bulletins or  
22 similar instructions, without taking regulatory action until the time  
23 regulations are adopted. The department shall adopt regulations  
24 by July 1, 2017, in accordance with the requirements of Chapter  
25 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
26 Title 2 of the Government Code. Beginning July 1, 2015, and  
27 notwithstanding Section 10231.5 of the Government Code, the  
28 department shall provide a status report regarding this section to  
29 the Legislature on a semiannual basis, in compliance with Section  
30 9795 of the Government Code, until regulations have been adopted.

31 (i) This section shall be implemented only if and to the extent  
32 that federal financial participation is available and any necessary  
33 federal approvals have been obtained.

34 **SEC. 2.**

35 *SECTION 1.* Section 14105.197 is added to the Welfare and  
36 Institutions Code, to read:

37 14105.197. (a) The Legislature requests the University of  
38 California to annually conduct an independent assessment of  
39 Medi-Cal provider reimbursement rates, *access to care, and the*  
40 *quality of care received in the Medi-Cal program. The assessment*

1 *should reflect the variety of providers and services offered in the*  
2 *Medi-Cal program.*

3 (b) (1) An advisory committee is hereby created to be composed  
4 of 16 members representing health care stakeholders, including,  
5 but not limited to, patients, providers, public and private health  
6 delivery systems, payers, and state officials. The Governor shall  
7 appoint eight members, the Senate Committee on Rules shall  
8 appoint four members, and the Speaker of the Assembly shall  
9 appoint four members.

10 (2) Except for the initial appointments described in paragraph  
11 (3), members of the committee shall be appointed for a term of  
12 four years, and each member shall hold office until the appointment  
13 and qualification of his or her successor or until one year has  
14 elapsed since the expiration of the term for which he or she was  
15 appointed, whichever occurs first.

16 (3) (A) Of the initial members appointed by the Governor, two  
17 shall serve a term of one year, two shall serve a term of two years,  
18 two shall serve a term of three years, and two shall serve a term  
19 of four years.

20 (B) Of the initial members appointed by the Senate Committee  
21 on Rules, one shall serve a term of one year, one shall serve a term  
22 of two years, one shall serve a term of three years, and one shall  
23 serve a term of four years.

24 (C) Of the initial members appointed by the Speaker of the  
25 Assembly, one shall serve a term of one year, one shall serve a  
26 term of two years, one shall serve a term of three years, and one  
27 shall serve a term of four years.

28 (4) Members of the committee shall publicly report financial  
29 and other potential conflicts of interest.

30 (5) The committee shall establish an open process for the  
31 conduct of its affairs that enables all health care stakeholders to  
32 provide feedback on those affairs.

33 (6) The committee shall meet periodically with the University  
34 of California and provide input to the University of California on  
35 the assessment conducted pursuant to subdivision (a).

36 (c) The director shall annually review the findings and  
37 recommendations of the assessment conducted under subdivision  
38 (a) and suggest adjustments to the reimbursement rates as necessary  
39 to ensure that quality and access in the Medi-Cal fee-for-service

1 program and in Medi-Cal managed care plans are adequate to meet  
2 applicable state and federal standards.

3 (d) Notwithstanding Section 10231.5 of the Government Code,  
4 the findings and recommendations of the independent assessment  
5 conducted under subdivision (a) and the director's suggested  
6 adjustments to provider reimbursement rates provided pursuant to  
7 subdivision (c) shall be submitted to the Legislature annually as  
8 part of the Governor's Budget submitted pursuant to Section 13337  
9 of the Government Code.

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