

AMENDED IN SENATE MARCH 28, 2014

SENATE BILL

No. 1457

Introduced by Senator Evans

February 21, 2014

An act to amend Section 123929 of, and to add Section 125185 to, the Health and Safety Code, and to amend Section 14133.01 of the Welfare and Institutions Code, relating to medical care.

LEGISLATIVE COUNSEL'S DIGEST

SB 1457, as amended, Evans. Medical care: electronic treatment authorization requests.

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 benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law also requires the department to administer various health programs, including the California Children's Services Program and the Genetically Handicapped Person's Program.

This bill would, by July 1, 2015, or a subsequent date determined by the department, require requests for authorization for treatment or services, *excluding those submitted by dental providers enrolled in the Medi-Cal Dental program*, to be submitted in an electronic format determined by the department via the department's Internet Web site or other electronic means. *The bill would require the department to designate an alternate format for submitting requests for authorization for treatment or services when the department's Internet Web site or other electronic means are unavailable due to a system disruption.* The bill would authorize the department to implement these provisions in

phases and by means of all-county letters, plan letters, provider bulletins, or similar instructions, but would require the department to adopt regulations by July 1, 2017.

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 123929 of the Health and Safety Code
2 is amended to read:

3 123929. (a) Except as otherwise provided in this section and
4 Section 14133.05 of the Welfare and Institutions Code, California
5 Children’s Services Program services provided pursuant to this
6 article require prior authorization by the department or its designee.
7 Prior authorization is contingent on determination by the
8 department or its designee of all of the following:

9 (1) The child receiving the services is confirmed to be medically
10 eligible for the CCS program.

11 (2) The provider of the services is approved in accordance with
12 the standards of the CCS program.

13 (3) The services authorized are medically necessary to treat the
14 child’s CCS-eligible medical condition.

15 (b) The department or its designee may approve a request for a
16 treatment authorization that is otherwise in conformance with
17 subdivision (a) for services for a child participating in the Healthy
18 Families Program or the AIM-Linked Infants Program pursuant
19 to clause (ii) of subparagraph (A) of paragraph (6) of subdivision
20 (a) of Section 12693.70 of the Insurance Code or Chapter 2
21 (commencing with Section 15810) of Part 3.3 of Division 9 of the
22 Welfare and Institutions Code, received by the department or its
23 designee after the requested treatment has been provided to the
24 child.

25 (c) If a provider of services who meets the requirements of
26 paragraph (2) of subdivision (a) incurs costs for services described
27 in paragraph (3) of subdivision (a) to treat a child described in
28 subdivision (b) who is subsequently determined to be medically
29 eligible for the CCS program as determined by the department or
30 its designee, the department may reimburse the provider for those
31 costs. Reimbursement under this section shall conform to the

1 requirements of Section 14105.18 of the Welfare and Institutions
2 Code.

3 (d) (1) ~~Notwithstanding any other provision of law, by~~ By July
4 1, 2015, or a subsequent date determined by the department,
5 requests for authorization of services, *excluding requests for*
6 *authorization of services submitted by dental providers enrolled*
7 *in the Medi-Cal Dental program*, shall be submitted in an electronic
8 format determined by the department and shall be submitted via
9 the department's Internet Web site or other electronic means
10 designated by the department. The department may implement
11 this requirement in phases.

12 (2) The department ~~may~~ *shall* designate an alternate format for
13 submitting requests for authorization of services when the
14 department's Internet Web site or other electronic means designated
15 in paragraph (1) are unavailable due to ~~an unplanned~~ *a system*
16 disruption.

17 (3) Notwithstanding Chapter 3.5 (commencing with Section
18 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
19 the department may, without taking regulatory action, implement,
20 interpret, or make specific this subdivision and any applicable
21 waivers and state plan amendments by means of all-county letters,
22 plan letters, plan or provider bulletins, or similar instructions.
23 Thereafter, the department shall adopt regulations by July 1, 2017,
24 in accordance with the requirements of Chapter 3.5 (commencing
25 with Section 11340) of Part 1 of Division 3 of Title 2 of the
26 Government Code. The department shall consult with interested
27 parties and appropriate stakeholders in implementing this
28 subdivision.

29 SEC. 2. Section 125185 is added to the Health and Safety Code,
30 to read:

31 125185. (a) (1) ~~Notwithstanding any other provision of law,~~
32 ~~by~~ By July 1, 2015, or a subsequent date determined by the
33 department, Genetically Handicapped Persons Program (GHPP)
34 requests for authorization of services, *excluding requests for*
35 *authorization of services submitted by dental providers enrolled*
36 *in the Medi-Cal Dental program*, shall be submitted in an electronic
37 format determined by the department and shall be submitted via
38 the department's Internet Web site or other electronic means
39 designated by the department. The department may implement
40 this requirement in phases.

1 (2) The department ~~may~~ *shall* designate an alternate format for
2 submitting requests for authorization of services when the
3 department's Internet Web site or other electronic means designated
4 in paragraph (1) are unavailable due to ~~an unplanned~~ *a system*
5 disruption.

6 (b) Notwithstanding Chapter 3.5 (commencing with Section
7 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
8 the department may, without taking regulatory action, implement,
9 interpret, or make specific this section and any applicable waivers
10 and state plan amendments by means of all-county letters, plan
11 letters, plan or provider bulletins, or similar instructions. Thereafter,
12 the department shall adopt regulations by July 1, 2017, in
13 accordance with the requirements of Chapter 3.5 (commencing
14 with Section 11340) of Part 1 of Division 3 of Title 2 of the
15 Government Code. The department shall consult with interested
16 parties and appropriate stakeholders in implementing this section.

17 SEC. 3. Section 14133.01 of the Welfare and Institutions Code
18 is amended to read:

19 14133.01. (a) Notwithstanding any other provision of law, the
20 director or his or her designee may apply prior authorization by
21 designing a sampling methodology that will result in a generally
22 acceptable audit standard for approval of a treatment authorization
23 request (TAR), or a class of TARs. The director or his or her
24 designee shall determine the applicable sampling methodology
25 based upon health care industry standards and discussions with
26 applicable Medi-Cal providers or their representatives. This
27 sampling methodology shall be implemented by no later than July
28 1, 2005, and an outline of ~~it~~ *the methodology* shall be provided to
29 the fiscal and policy committees of both houses of the Legislature.
30 It is the intent of the Legislature for the department to review the
31 sampling methodology on an ongoing basis and update ~~it~~ *the*
32 *methodology* as applicable on a periodic basis in order to keep
33 abreast of health care industry trends and the need to manage an
34 efficient and effective Medi-Cal program.

35 (b) The department shall pursue additional means to improve
36 and streamline the treatment authorization request process
37 including, where applicable, those identified by independent
38 analyses such as the July 2003 report by the California ~~Healthcare~~
39 *HealthCare* Foundation entitled Medi-Cal Treatment
40 Authorizations and Claims Processing: Improving Efficiency and

1 Access to Care, and those identified by Medi-Cal providers. It is
2 the Legislature's intent that any identified improvements be
3 ~~cost-beneficial~~ *cost beneficial* to the state and to the Medi-Cal
4 program as a whole.

5 (c) (1) ~~Notwithstanding any other law, by~~ By July 1, 2015, or
6 a subsequent date determined by the department, treatment
7 authorization requests, *excluding treatment authorization requests*
8 *submitted by dental providers enrolled in the Medi-Cal Dental*
9 *program*, shall be submitted in an electronic format determined
10 by the department and shall be submitted via the department's
11 Internet Web site or other electronic means designated by the
12 department. The department may implement this requirement in
13 phases.

14 (2) The department ~~may~~ *shall* designate an alternate format for
15 submitting requests for authorization of services when the
16 department's Internet Web site or other electronic means designated
17 in paragraph (1) are unavailable due to ~~an unplanned~~ *a system*
18 disruption.

19 (d) Notwithstanding Chapter 3.5 (commencing with Section
20 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
21 the department may, without taking regulatory action, implement,
22 interpret, or make specific, this section and any applicable waivers
23 and state plan amendments by means of all-county letters, plan
24 ~~letters~~, *letters*, plan or provider bulletins, or similar instructions.
25 Thereafter, the department shall adopt regulations by July 1, 2017,
26 in accordance with the requirements of Chapter 3.5 (commencing
27 with Section 11340) of Part 1 of Division 3 of Title 2 of the
28 Government Code.