

AMENDED IN ASSEMBLY JUNE 30, 2014

AMENDED IN ASSEMBLY JUNE 4, 2014

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, 2016, or a subsequent date determined by the department, require requests for authorization for treatment or services *under those programs*, 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 also require the department to consider the capacity of small and rural Medi-Cal providers to comply with these requirements, and to implement the process in a manner that offers these providers reasonable time to establish the infrastructure necessary for the generation of electronic treatment authorization requests and an opportunity to participate in training offered by the department.* 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

1 designee after the requested treatment has been provided to the
2 child.

3 (c) If a provider of services who meets the requirements of
4 paragraph (2) of subdivision (a) incurs costs for services described
5 in paragraph (3) of subdivision (a) to treat a child described in
6 subdivision (b) who is subsequently determined to be medically
7 eligible for the CCS program as determined by the department or
8 its designee, the department may reimburse the provider for those
9 costs. Reimbursement under this section shall conform to the
10 requirements of Section 14105.18 of the Welfare and Institutions
11 Code.

12 (d) (1) By July 1, 2016, or a subsequent date determined by the
13 department, requests for authorization of services, excluding
14 requests for authorization of services submitted by dental providers
15 enrolled in the Medi-Cal Dental program, shall be submitted in an
16 electronic format determined by the department and shall be
17 submitted via the department's Internet Web site or other electronic
18 means designated by the department. The department may
19 implement this requirement in phases.

20 (2) The department shall designate an alternate format for
21 submitting requests for authorization of services when the
22 department's Internet Web site or other electronic means designated
23 in paragraph (1) are unavailable due to a system disruption.

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

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

38 125185. (a) (1) By July 1, 2016, or a subsequent date
39 determined by the department, Genetically Handicapped Persons
40 Program (GHPP) requests for authorization of services, excluding

1 requests for authorization of services submitted by dental providers
2 enrolled in the Medi-Cal Dental program, shall be submitted in an
3 electronic format determined by the department and shall be
4 submitted via the department's Internet Web site or other electronic
5 means designated by the department. The department may
6 implement this requirement in phases.

7 (2) The department shall designate an alternate format for
8 submitting requests for authorization of services when the
9 department's Internet Web site or other electronic means designated
10 in paragraph (1) are unavailable due to a system disruption.

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

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

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

1 (b) The department shall pursue additional means to improve
2 and streamline the treatment authorization request process
3 including, where applicable, those identified by independent
4 analyses such as the July 2003 report by the California HealthCare
5 Foundation entitled Medi-Cal Treatment Authorizations and Claims
6 Processing: Improving Efficiency and Access to Care, and those
7 identified by Medi-Cal providers. It is the Legislature’s intent that
8 any identified improvements be cost beneficial to the state and to
9 the Medi-Cal program as a whole.

10 (c) (1) By July 1, 2016, or a subsequent date determined by the
11 department, treatment authorization requests, excluding treatment
12 authorization requests submitted by dental providers enrolled in
13 the Medi-Cal Dental program, shall be submitted in an electronic
14 format determined by the department and shall be submitted via
15 the department’s Internet Web site or other electronic means
16 designated by the department. The department may implement
17 this requirement in phases.

18 (2) *The department shall consider the capacity of independent*
19 *sole practitioners, small independent provider-owned clinics, and*
20 *rural providers to comply with the requirements of this section,*
21 *and shall implement the electronic submission process in a manner*
22 *that offers these providers both of the following:*

23 (A) *Reasonable time to establish the infrastructure necessary*
24 *for the generation of electronic treatment authorization requests.*

25 (B) *An opportunity to participate in education and training*
26 *regarding the generation and submission of electronic treatment*
27 *authorization requests provided by the department or its agents.*

28 (2)

29 (3) The department shall designate an alternate format for
30 submitting requests for authorization of services when the
31 department’s Internet Web site or other electronic means designated
32 in paragraph (1) are unavailable due to a system disruption.

33 (d) Notwithstanding Chapter 3.5 (commencing with Section
34 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
35 the department may, without taking regulatory action, implement,
36 interpret, or make specific, this section and any applicable waivers
37 and state plan amendments by means of all-county letters, plan
38 letters, plan or provider bulletins, or similar instructions. Thereafter,
39 the department shall adopt regulations by July 1, 2017, in
40 accordance with the requirements of Chapter 3.5 (commencing

1 with Section 11340) of Part 1 of Division 3 of Title 2 of the
2 Government Code. *The department shall consult with interested*
3 *parties and appropriate stakeholders in implementing this section.*

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