

**Introduced by Senator Hernandez**January 28, 2015

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An act to add Section 14132.103 to the Welfare and Institutions Code, relating to Medi-Cal.

## LEGISLATIVE COUNSEL'S DIGEST

SB 147, as introduced, Hernandez. Federally qualified health centers. 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 provides that federally qualified health center (FQHC) services, as described, are covered benefits under the Medi-Cal program, to be reimbursed, to the extent that federal financial participation is obtained, to providers on a per-visit basis. "Visit" is defined as a face-to-face encounter between a patient of an FQHC and specified health care professionals. Existing federal law authorizes a state plan to provide for payment in any fiscal year to an FQHC for specified services in an amount that is determined under an alternative payment methodology (APM) if it is agreed to by the state and the FQHC and results in a payment to the FQHC of an amount that is at least equal to the amount otherwise required to be paid to the FQHC.

This bill would require the department to authorize a 3-year APM pilot project for FQHCs that would be implemented in any county and FQHC willing to participate. Under the APM pilot project, participating FQHCs would receive capitated monthly payments for each Medi-Cal managed care enrollee assigned to the FQHC in place of the wrap-around, fee-for-service per-visit payments from the department.

The bill would require, except as specified, that an evaluation of the APM pilot project be conducted by an independent entity within 6 months after the APM pilot project is completed, and that the independent entity report the findings to the department and the Legislature.

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 14132.103 is added to the Welfare and  
2 Institutions Code, to read:

3 14132.103. (a) Notwithstanding any other law, the department  
4 shall authorize a three-year alternative payment methodology  
5 (APM) pilot project for federally qualified health centers (FQHCs)  
6 in accordance with this section.

7 (b) The APM shall be implemented in any county and FQHC  
8 willing to participate.

9 (c) Under the APM pilot project, participating FQHCs shall  
10 receive capitated monthly payments for each Medi-Cal managed  
11 care enrollee assigned to the FQHC in place of the wrap-around,  
12 fee-for-service per-visit payments from the department.

13 (d) The APM shall include all necessary protections and  
14 safeguards, for both the FQHCs and the health plans, to ensure  
15 that neither are financially harmed by the implementation of the  
16 APM in relation to both rates and number of enrollees assigned.

17 (e) (1) Within six months after the APM pilot project is  
18 completed, an evaluation of the pilot project shall be conducted  
19 by an independent entity that takes into consideration payment  
20 adequacy, delivery system transformation, and quality measures.  
21 The independent entity shall report its findings to the department  
22 and the Legislature. An evaluation pursuant to this subdivision  
23 shall be completed only if there are nonstate General Fund moneys  
24 available for this purpose.

25 (2) A report submitted pursuant to this subdivision shall be  
26 submitted in compliance with Section 9795 of the Government  
27 Code.

- 1 (f) The department shall seek any federal approvals necessary
- 2 for the implementation of this section.

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