

AMENDED IN ASSEMBLY MAY 18, 2015

**SENATE BILL**

**No. 299**

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**Introduced by Senator Monning**

February 23, 2015

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An act to amend Sections 14043.1, 14043.15, 14043.25, 14043.28, 14043.36, 14043.38, 14043.4, and 14043.55 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 299, as amended, Monning. Medi-Cal: provider enrollment.

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 requires an applicant or provider, as defined, to submit a complete application package for enrollment, ~~continuing~~ *continued* enrollment, or enrollment at a new location or a change in location, and generally requires the application package for enrollment, the provider agreement, and all attachments or changes to either that are submitted by specified applicants or providers to be notarized. *Existing law requires the department to collect an application fee for enrollment, including enrollment at a new location or a change in location.*

This bill would exempt from these notarization requirements any provider that chooses to enroll electronically. *The bill would clarify that the department is also required to collect an application fee for continued enrollment.*

Existing law authorizes the department to implement a 180-day moratorium on the enrollment of providers in a specified provider of services category, as specified. Existing law requires the State Department of Health Care Services to screen Medi-Cal providers and designate each provider or applicant as “limited,” “moderate,” or “high” categorical risk. Existing law requires the department to designate a provider or applicant as a “high” categorical risk if specified circumstances occur, including if the federal Centers for Medicare and Medicaid Services lifted a temporary moratorium within the previous 6 months for the particular provider type submitting the application, as specified.

This bill would also require the department to designate a provider or applicant as a “high” categorical risk if the department lifted a temporary moratorium within the previous 6 months for the particular provider type submitting the application.

This bill would also delete various obsolete provisions of law.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . 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 14043.1 of the Welfare and Institutions  
 2 Code is amended to read:  
 3 14043.1. As used in this article:  
 4 (a) “Abuse” means either of the following:  
 5 (1) Practices that are inconsistent with sound fiscal or business  
 6 practices and result in unnecessary cost to the federal Medicaid  
 7 and Medicare programs, the Medi-Cal program, another state’s  
 8 Medicaid program, or other health care programs operated, or  
 9 financed in whole or in part, by the federal government or a state  
 10 or local agency in this state or another state.  
 11 (2) Practices that are inconsistent with sound medical practices  
 12 and result in reimbursement by the federal Medicaid and Medicare  
 13 programs, the Medi-Cal program or other health care programs  
 14 operated, or financed in whole or in part, by the federal government  
 15 or a state or local agency in this state or another state, for services  
 16 that are unnecessary or for substandard items or services that fail  
 17 to meet professionally recognized standards for health care.

1 (b) “Applicant” means an individual, including an ordering,  
2 referring, or prescribing individual, partnership, group, association,  
3 corporation, institution, or entity, and the officers, directors,  
4 owners, managing employees, or agents thereof, that apply to the  
5 department for enrollment as a provider in the Medi-Cal program.

6 (c) “Application or application package” means a completed  
7 and signed application form, signed under penalty of perjury or  
8 notarized pursuant to Section 14043.25, a disclosure statement, a  
9 provider agreement, and all attachments or changes in the form,  
10 statement, or agreement.

11 (d) “Appropriate volume of business” means a volume that is  
12 consistent with the information provided in the application and  
13 any supplemental information provided by the applicant or  
14 provider, and is of a quality and type that would reasonably be  
15 expected based upon the size and type of business operated by the  
16 applicant or provider.

17 (e) “Business address” means the location where an applicant  
18 or provider provides services, goods, supplies, or merchandise,  
19 directly or indirectly, to a Medi-Cal beneficiary. A post office box  
20 or commercial box is not a business address. The business address  
21 for the location of a vehicle or vessel owned and operated by an  
22 applicant or provider enrolled in the Medi-Cal program and used  
23 to provide services, goods, supplies, or merchandise, directly or  
24 indirectly, to a Medi-Cal beneficiary shall either be the business  
25 address location listed on the provider’s application as the location  
26 where similar services, goods, supplies, or merchandise would be  
27 provided or the applicant’s or provider’s pay to address.

28 (f) “Convicted” means any of the following:

29 (1) A judgment of conviction has been entered against an  
30 individual or entity by a federal, state, or local court, regardless  
31 of whether there is a posttrial motion, an appeal pending, or the  
32 judgment of conviction or other record relating to the criminal  
33 conduct has been expunged or otherwise removed.

34 (2) A federal, state, or local court has made a finding of guilt  
35 against an individual or entity.

36 (3) A federal, state, or local court has accepted a plea of guilty  
37 or nolo contendere by an individual or entity.

38 (4) An individual or entity has entered into participation in a  
39 first offender, deferred adjudication, or other program or  
40 arrangement where judgment of conviction has been withheld.

1 (g) “Debt due and owing” means 60 days have passed since a  
2 notice or demand for repayment of an overpayment or another  
3 amount resulting from an audit or examination, for a penalty  
4 assessment, or for another amount due to the department was sent  
5 to the provider, regardless of whether the provider is an institutional  
6 provider or a noninstitutional provider and regardless of whether  
7 an appeal is pending.

8 (h) “Enrolled or enrollment in the Medi-Cal program” means  
9 authorized under any processes by the department or its agents or  
10 contractors to receive, directly or indirectly, reimbursement for  
11 the provision of services, goods, supplies, or merchandise to a  
12 Medi-Cal beneficiary.

13 (i) “Fraud” means an intentional deception or misrepresentation  
14 made by a person with the knowledge that the deception could  
15 result in some unauthorized benefit to himself or herself or some  
16 other person. It includes any act that constitutes fraud under  
17 applicable federal or state law.

18 (j) “Location” means a street, city, or rural route address or a  
19 site or place within a street, city, or rural route address, and the  
20 city, county, state, and nine-digit ZIP Code.

21 (k) “Not currently enrolled at the location for which the  
22 application is submitted” means either of the following:

23 (1) The provider is changing location and moving to a different  
24 location than that for which the provider was issued a provider  
25 number.

26 (2) The provider is adding a business address.

27 (l) (1) “Individual dentist practice” means a dentist licensed by  
28 the Dental Board of California enrolled or enrolling in Medi-Cal  
29 as an individual provider who is a sole proprietor of his or her  
30 practice or is a corporation owned solely by the individual dentist  
31 and the only dentist practitioner is the owner. An individual dentist  
32 practice may include nondentist allied dental health professionals  
33 employed and supervised by the dentist.

34 (2) “Individual physician practice” means a physician and  
35 surgeon licensed by the Medical Board of California or the  
36 Osteopathic Medical Board of California enrolled or enrolling in  
37 Medi-Cal as an individual provider who is sole proprietor of his  
38 or her practice or is a corporation owned solely by the individual  
39 physician and the only physician practitioner is the owner. An

1 individual physician practice may include nonphysician medical  
2 practitioners employed and supervised by the physician.

3 (m) “Preenrollment period” or “preenrollment” includes the  
4 period of time during which an application package for enrollment,  
5 continued enrollment, or for the addition of or change in a location  
6 is pending.

7 (n) “Professionally recognized standards of health care” means  
8 statewide or national standards of care, whether in writing or not,  
9 that professional peers of the individual or entity whose provision  
10 of care is an issue recognize as applying to those peers practicing  
11 or providing care within a state. When the United States  
12 Department of Health and Human Services has declared a treatment  
13 modality not to be safe and effective, practitioners that employ  
14 that treatment modality shall be deemed not to meet professionally  
15 recognized standards of health care. This subdivision shall not be  
16 construed to mean that all other treatments meet professionally  
17 recognized standards of care.

18 (o) “Provider” means an individual, partnership, group,  
19 association, corporation, institution, or entity, and the officers,  
20 directors, owners, managing employees, or agents of a partnership,  
21 group association, corporation, institution, or entity, that provides  
22 services, goods, supplies, or merchandise, directly or indirectly,  
23 including all ordering, referring, and prescribing, to a Medi-Cal  
24 beneficiary and that has been enrolled in the Medi-Cal program.

25 (p) “Resolution of an investigation for fraud or abuse” means  
26 there is no documentation to indicate either that a charge or  
27 accusation has been filed against the provider and either (1) the  
28 investigation has not been active at any time during the previous  
29 12 months or (2) the department has made a documented good  
30 faith effort and has been unable, for a period of 12 months, to  
31 contact an investigator or responsible representative of any agency  
32 investigating the provider.

33 (q) “Unnecessary or substandard items or services” means those  
34 that are either of the following:

35 (1) Substantially in excess of the provider’s usual charges or  
36 costs for the items or services.

37 (2) Furnished, or caused to be furnished, to patients, whether  
38 or not covered by Medicare, Medicaid, or any of the state health  
39 care programs to which the definitions of applicant and provider  
40 apply, and which are substantially in excess of the patient’s needs,

1 or of a quality that fails to meet professionally recognized standards  
2 of health care. The department’s determination that the items or  
3 services furnished were excessive or of unacceptable quality shall  
4 be made on the basis of information, including sanction reports,  
5 from the following sources:

6 (A) The professional review organization for the area served  
7 by the individual or entity.

8 (B) State or local licensing or certification authorities.

9 (C) Fiscal agents or contractors or private insurance companies.

10 (D) State or local professional societies.

11 (E) Any other sources deemed appropriate by the department.

12 SEC. 2. Section 14043.15 of the Welfare and Institutions Code  
13 is amended to read:

14 14043.15. (a) The department may adopt regulations for  
15 certification of each applicant and each provider in the Medi-Cal  
16 program. No certification shall be required for natural persons  
17 licensed or certificated under Division 2 (commencing with Section  
18 500) of the Business and Professions Code, the Osteopathic  
19 Initiative Act, or the Chiropractic Initiative Act.

20 (b) (1) An applicant or provider who is a natural person, and  
21 is licensed or certificated pursuant to Division 2 (commencing  
22 with Section 500) of the Business and Professions Code, the  
23 Osteopathic Initiative Act, or the Chiropractic Initiative Act, or is  
24 a professional corporation, as defined in subdivision (b) of Section  
25 13401 of the Corporations Code, shall comply with Section  
26 14043.26 and shall be enrolled in the Medi-Cal program as either  
27 an individual provider or as a rendering provider in a provider  
28 group for each application package submitted and approved  
29 pursuant to Section 14043.26, notwithstanding that the applicant  
30 or provider meets the requirements to qualify as exempt from clinic  
31 licensure under subdivision (a) or (m) of Section 1206 of the Health  
32 and Safety Code.

33 (2) A provider enrolled in the Medi-Cal program pursuant to  
34 paragraph (1), who has disclosed in the application package for  
35 enrollment that the provider’s practice includes the rendering of  
36 services, goods, supplies, or merchandise solely at one, or at more  
37 than one, health facility, as defined in Section 1250 of the Health  
38 and Safety Code, or clinic, as defined in Section 1204 of the Health  
39 and Safety Code, or medical therapy unit, for purposes of Section  
40 123950 of the Health and Safety Code, or residence of the

1 provider's patient, or office of a physician and surgeon involved  
2 in the care and treatment of the provider's patients, shall not be  
3 required to enroll at each such health facility, clinic, medical  
4 therapy unit, patient's residence, or physician and surgeon's office  
5 location and may utilize the business addresses listed on the  
6 application for enrollment pursuant to paragraph (1) to claim  
7 reimbursement from the Medi-Cal program for services rendered  
8 by the provider to Medi-Cal beneficiaries at all of those health  
9 facilities, clinics, medical therapy units, residences, or physician  
10 offices.

11 (3) This subdivision shall not be interpreted to allow the  
12 violation of any state or federal law governing fiscal intermediaries  
13 or Division 2 (commencing with Section 500) of the Business and  
14 Professions Code, the Osteopathic Initiative Act, or the  
15 Chiropractic Initiative Act. This subdivision does not remove the  
16 requirement that each claim for reimbursement from the Medi-Cal  
17 program identify the place of service and the rendering, ordering,  
18 referring, and prescribing provider, where applicable.

19 (c) An applicant or provider licensed as a clinic pursuant to  
20 Chapter 1 (commencing with Section 1200) of, or a health facility  
21 licensed pursuant to Chapter 2 (commencing with Section 1250)  
22 of, Division 2 of the Health and Safety Code may be enrolled in  
23 the Medi-Cal program as a clinic or a health facility and need not  
24 comply with Section 14043.26 if the clinic or health facility is  
25 certified by the department to participate in the Medi-Cal program.

26 (d) An applicant or provider that meets the requirements to  
27 qualify as exempt from clinic licensure under subdivisions (b) to  
28 (l), inclusive, or subdivisions (n) to (p), inclusive, of Section 1206  
29 of the Health and Safety Code shall comply with Section 14043.26  
30 and may be enrolled in the Medi-Cal program as either a clinic or  
31 within any other provider category for which the applicant or  
32 provider qualifies. An applicant or provider to which any of the  
33 clinic licensure exemptions specified in this subdivision apply  
34 shall identify the licensure exemption category and document in  
35 its application package the legal and factual basis for the clinic  
36 license exemption claimed.

37 (e) Notwithstanding subdivisions (a), (b), (c), and (d), an  
38 applicant or provider that meets the requirements to qualify as  
39 exempt from clinic licensure pursuant to subdivision (h) of Section  
40 1206 of the Health and Safety Code, including an intermittent site

1 that is operated by a licensed primary care clinic or an affiliated  
2 mobile health care unit licensed or approved under Chapter 9  
3 (commencing with Section 1765.101) of Division 2 of the Health  
4 and Safety Code, and that is operated by a licensed primary care  
5 clinic, and for which intermittent site or mobile health unit the  
6 licensed primary care clinic directly or indirectly provides all  
7 staffing, protocols, equipment, supplies, and billing services, need  
8 not enroll in the Medi-Cal program as a separate provider and need  
9 not comply with Section 14043.26 if the licensed primary care  
10 clinic operating the applicant, provider clinic, or mobile health  
11 care unit has notified the department of its separate locations,  
12 premises, intermittent sites, or mobile health care units.

13 SEC. 3. Section 14043.25 of the Welfare and Institutions Code  
14 is amended to read:

15 14043.25. (a) The application form for enrollment, the provider  
16 agreement, and all attachments or changes to either, shall be signed  
17 under penalty of perjury.

18 (b) The department may require that the application form for  
19 enrollment, the provider agreement, and all attachments or changes  
20 to either, submitted by an applicant or provider licensed pursuant  
21 to Division 2 (commencing with Section 500) of the Business and  
22 Professions Code, the Osteopathic Initiative Act, or the  
23 Chiropractic Initiative Act, be notarized.

24 (c) Application forms for enrollment, provider agreements, and  
25 all attachments or changes to either, submitted by an applicant or  
26 provider not subject to subdivision (b) shall be notarized. This  
27 subdivision shall not apply with respect to providers under the  
28 In-Home Supportive Services program or any providers that choose  
29 to enroll electronically.

30 (d) The department shall collect an application fee for  
31 enrollment, including *continued enrollment* or enrollment at a new  
32 location or a change in location. The application fee shall not be  
33 collected from individual physicians or nonphysician practitioners,  
34 from providers that are enrolled in Medicare or another state's  
35 Medicaid program or Children's Health Insurance Program, from  
36 providers that submit proof that they have paid the applicable fee  
37 to a Medicare contractor or to another state's Medicaid program,  
38 or pursuant to an exemption or waiver pursuant to federal law. The  
39 application fee collected shall be in the amount calculated by the  
40 federal Centers for Medicare and Medicaid Services in effect for

1 the calendar year during which the application for enrollment is  
2 received by the department.

3 SEC. 4. Section 14043.28 of the Welfare and Institutions Code  
4 is amended to read:

5 14043.28. (a) (1) If an application package is denied under  
6 Section 14043.26 or provisional provider status or preferred  
7 provisional provider status is terminated under Section 14043.27,  
8 the applicant or provider shall be prohibited from reapplying for  
9 enrollment or continued enrollment in the Medi-Cal program or  
10 for participation in any health care program administered by the  
11 department or its agents or contractors for a period of three years  
12 from the date the application package is denied or the provisional  
13 provider status is terminated, except as provided otherwise in  
14 paragraph (2) of subdivision (h), or paragraph (2) of subdivision  
15 (i), of Section 14043.26 and as set forth in this section.

16 (2) If the application is denied under paragraph (2) of  
17 subdivision (h) of Section 14043.26 because the applicant failed  
18 to resubmit an incomplete application package or is denied under  
19 paragraph (2) of subdivision (i) of Section 14043.26 because the  
20 applicant failed to remediate discrepancies, the applicant may  
21 resubmit an application in accordance with paragraph (2) of  
22 subdivision (h) or paragraph (2) of subdivision (i), respectively.

23 (3) If the denial of the application package is based upon a  
24 conviction for any offense or for any act included in Section  
25 14043.36 or termination of the provisional provider status or  
26 preferred provisional provider status is based upon a conviction  
27 for any offense or for any act included in paragraph (1) of  
28 subdivision (c) of Section 14043.27, the applicant or provider shall  
29 be prohibited from reapplying for enrollment or continued  
30 enrollment in the Medi-Cal program or for participation in any  
31 health care program administered by the department or its agents  
32 or contractors for a period of 10 years from the date the application  
33 package is denied or the provisional provider status or preferred  
34 provisional provider status is terminated.

35 (4) If the denial of the application package is based upon two  
36 or more convictions for any offense or for any two or more acts  
37 included in Section 14043.36 or termination of the provisional  
38 provider status or preferred provisional provider status is based  
39 upon two or more convictions for any offense or for any two acts  
40 included in paragraph (1) of subdivision (c) of Section 14043.27,

1 the applicant or provider shall be permanently barred from  
2 enrollment or continued enrollment in the Medi-Cal program or  
3 for participation in any health care program administered by the  
4 department or its agents or contractors.

5 (5) The prohibition in paragraph (1) against reapplying for three  
6 years shall not apply if the denial of the application or termination  
7 of provisional provider status or preferred provisional provider  
8 status is based upon any of the following:

9 (A) The grounds provided for in paragraph (4), or subparagraph  
10 (B) of paragraph (7), of subdivision (c) of Section 14043.27.

11 (B) The grounds provided for in subdivision (d) of Section  
12 14043.27, if the investigation is closed without any adverse action  
13 being taken.

14 (C) The grounds provided for in paragraph (6) of subdivision  
15 (c) of Section 14043.27. However, the department may deny  
16 reimbursement for claims submitted while the provider was  
17 noncompliant with the federal Clinical Laboratory Improvement  
18 Amendments of 1988 (CLIA) (42 U.S.C. Sec. 263a et seq.).

19 (D) The grounds provided for in subdivision (b) of Section  
20 14043.36 for being terminated or excluded under Medicare or  
21 under the Medicaid Program or Children's Health Insurance  
22 Program of any other state.

23 (b) (1) If an application package is denied under subparagraph  
24 (A), (B), (D), or (E) of paragraph (4) of subdivision (f) of Section  
25 14043.26, or with respect to a provider described in subparagraph  
26 (B) of paragraph (2) of subdivision (h), or subparagraph (B) of  
27 paragraph (2) of subdivision (i), of Section 14043.26, or provisional  
28 provider status or preferred provisional provider status is terminated  
29 based upon any of the grounds stated in subparagraph (A) of  
30 paragraph (7), or paragraphs (1), (2), (3), (5), and (8) to (12),  
31 inclusive, of subdivision (c) of Section 14043.27, all business  
32 addresses of the applicant or provider shall be deactivated and the  
33 applicant or provider shall be removed from enrollment in the  
34 Medi-Cal program by operation of law.

35 (2) If the termination of provisional provider status is based  
36 upon the grounds stated in subdivision (d) of Section 14043.27  
37 and the investigation is closed without any adverse action being  
38 taken, or is based upon the grounds in subparagraph (B) of  
39 paragraph (7) of subdivision (c) of Section 14043.27 and the  
40 applicant or provider obtains the appropriate license, permits, or

1 approvals covering the period of provisional provider status, the  
2 termination taken pursuant to subdivision (c) of Section 14043.27  
3 shall be rescinded, the previously deactivated provider numbers  
4 shall be reactivated, and the provider shall be reenrolled in the  
5 Medi-Cal program, unless there are other grounds for taking these  
6 actions.

7 (c) Claims that are submitted or caused to be submitted by an  
8 applicant or provider who has been suspended from the Medi-Cal  
9 program for any reason or who has had its provisional provider  
10 status terminated or had its application package for enrollment or  
11 continued enrollment denied and all business addresses deactivated  
12 may not be paid for services, goods, merchandise, or supplies  
13 rendered to Medi-Cal beneficiaries during the period of suspension  
14 or termination or after the date all business addresses are  
15 deactivated.

16 SEC. 5. Section 14043.36 of the Welfare and Institutions Code  
17 is amended to read:

18 14043.36. (a) The department shall not enroll any applicant  
19 that has been convicted of any felony or misdemeanor involving  
20 fraud or abuse in any government program, or related to neglect  
21 or abuse of a patient in connection with the delivery of a health  
22 care item or service, or in connection with the interference with  
23 or obstruction of any investigation into health care related fraud  
24 or abuse or that has been found liable for fraud or abuse in any  
25 civil proceeding, or that has entered into a settlement in lieu of  
26 conviction for fraud or abuse in any government program, within  
27 the previous 10 years. In addition, the department may deny  
28 enrollment to any applicant that, at the time of application, is under  
29 investigation by the department or any state, local, or federal  
30 government law enforcement agency for fraud or abuse pursuant  
31 to Subpart A (commencing with Section 455.12) of Part 455 of  
32 Title 42 of the Code of Federal Regulations. The department shall  
33 not deny enrollment to an otherwise qualified applicant whose  
34 felony or misdemeanor charges did not result in a conviction solely  
35 on the basis of the prior charges. If it is discovered that a provider  
36 is under investigation by the department or any state, local, or  
37 federal government law enforcement agency for fraud or abuse,  
38 that provider shall be subject to temporary suspension from the  
39 Medi-Cal program, which shall include temporary deactivation of

1 the provider's number, including all business addresses used by  
2 the provider to obtain reimbursement from the Medi-Cal program.

3 (b) If it is discovered that a provider has been terminated under  
4 Medicare or under the Medicaid Program or Children's Health  
5 Insurance Program in any other state, the provider shall not be  
6 enrolled in, or shall be subject to termination from, the Medi-Cal  
7 program, which shall include deactivation of the provider's enrolled  
8 numbers and all business addresses used to obtain reimbursement  
9 from the Medi-Cal program.

10 (c) The director shall notify in writing the provider of the  
11 temporary suspension and deactivation of the provider's number,  
12 which shall take effect 15 days from the date of the notification.  
13 Notwithstanding Section 100171 of the Health and Safety Code,  
14 proceedings after the imposition of sanctions provided for in  
15 subdivision (a) shall be in accordance with Section 14043.65.

16 (d) A temporary suspension may be lifted when a resolution of  
17 an investigation for fraud or abuse occurs.

18 SEC. 6. Section 14043.38 of the Welfare and Institutions Code  
19 is amended to read:

20 14043.38. (a) Provider types are designated as "limited,"  
21 "moderate," or "high" categorical risk by the federal government  
22 in Section 424.518 of Title 42 of the Code of Federal Regulations.  
23 The department shall, at minimum, utilize the federal regulations  
24 in determining a provider's or applicant's categorical risk.

25 (b) In accordance with Section 455.450 of Title 42 of the Code  
26 of Federal Regulations, the department shall designate a provider  
27 or applicant as a "high" categorical risk if any of the following  
28 occur:

29 (1) The department imposes a payment suspension based on a  
30 credible allegation of fraud, waste, or abuse.

31 (2) The provider or applicant has an existing Medicaid  
32 overpayment based on fraud, waste, or abuse.

33 (3) The provider or applicant has been excluded by the federal  
34 Office of the Inspector General or another state's Medicaid program  
35 within the previous 10 years.

36 (4) The department or the federal Centers for Medicare and  
37 Medicaid Services lifted a temporary moratorium within the  
38 previous six months for the particular provider type submitting  
39 the application, the applicant would have been prevented from  
40 enrolling based on that previous moratorium, and the applicant

1 applies for enrollment as a provider at any time within six months  
2 from the date the moratorium was lifted.

3 (c) If the department designates a provider or applicant as a  
4 “high” categorical risk, the department or its designee shall do  
5 both of the following:

6 (1) Conduct a criminal background check of the following  
7 persons:

8 (A) The provider or applicant. If the provider or applicant is a  
9 nonprofit Drug Medi-Cal provider or applicant, the officers and  
10 executive director of the provider or applicant.

11 (B) Any person with a 5-percent or greater direct or indirect  
12 ownership interest in the provider or applicant.

13 (2) Require the following persons to submit a set of fingerprints  
14 within 30 days of the department’s request, in a manner determined  
15 by the department:

16 (A) The provider or applicant. If the provider or applicant is a  
17 nonprofit Drug Medi-Cal provider or applicant, the officers and  
18 executive director of the provider or applicant.

19 (B) Any person with a 5-percent or greater direct or indirect  
20 ownership interest in the provider or applicant.

21 (d) (1) The department shall submit to the Department of Justice  
22 fingerprint images and related information required by the  
23 Department of Justice of Medi-Cal providers or applicants  
24 determined to be a “high” categorical risk pursuant to subdivision  
25 (a), and any person with a 5-percent or greater direct or indirect  
26 ownership interest in those providers and applicants, for the  
27 purposes of obtaining information as to the existence and content  
28 of a record of state or federal convictions and state or federal arrests  
29 and also information as to the existence and content of a record of  
30 state or federal arrests for which the Department of Justice  
31 establishes that the person is free on bail or on his or her  
32 recognizance pending trial or appeal.

33 (2) When received, the Department of Justice shall forward to  
34 the Federal Bureau of Investigation requests for federal summary  
35 criminal history information received pursuant to this section. The  
36 Department of Justice shall review the information returned from  
37 the Federal Bureau of Investigation and compile and disseminate  
38 a response to the department.

1 (3) The Department of Justice shall provide a state or federal  
2 level response to the department pursuant to paragraph (1) of  
3 subdivision (p) of Section 11105 of the Penal Code.

4 (4) The department shall request from the Department of Justice  
5 subsequent notification service, as provided pursuant to Section  
6 11105.2 of the Penal Code, for persons described in paragraph (1).

7 (5) The Department of Justice shall charge a fee sufficient to  
8 cover the cost of processing the request described in this section.  
9 That fee shall be paid by the subject of the criminal background  
10 check.

11 (e) For persons subject to the requirements of subdivision (a)  
12 of Section 15660, the procedure for obtaining and submitting  
13 fingerprints and notification by the Department of Justice of  
14 criminal record information set forth in subdivision (c) of Section  
15 15660 shall apply instead of the procedure set forth in subdivision  
16 (d).

17 SEC. 7. Section 14043.4 of the Welfare and Institutions Code  
18 is amended to read:

19 14043.4. If discrepancies are found to exist during the  
20 preenrollment period, the department may conduct additional  
21 inspections prior to enrollment. Failure of a provider to remediate  
22 discrepancies as prescribed by the director may result in denial of  
23 the application for enrollment. The department may deactivate all  
24 of the provider’s business addresses if the department determines  
25 that the discrepancies are material to the provider’s continued  
26 enrollment and the provider’s compliance with program  
27 requirements at the additional business addresses.

28 SEC. 8. Section 14043.55 of the Welfare and Institutions Code  
29 is amended to read:

30 14043.55. (a) The department may implement a 180-day  
31 moratorium on the enrollment of providers in a specific provider  
32 of service category, on a statewide basis or within a geographic  
33 area, except that no moratorium shall be implemented on the  
34 enrollment of providers who are licensed as clinics under Section  
35 1204 of the Health and Safety Code, health facilities under Chapter  
36 2 (commencing with Section 1250) of the Health and Safety Code,  
37 clinics exempt from licensure under Section 1206 of the Health  
38 and Safety Code, or natural persons licensed or certified under  
39 Division 2 (commencing with Section 500) of the Business and  
40 Professions Code, the Osteopathic Initiative Act, or the

1 Chiropractic Initiative Act, when the director determines this action  
2 is necessary to safeguard public funds or to maintain the fiscal  
3 integrity of the program. This moratorium may be extended or  
4 repeated when the director determines this action is necessary to  
5 safeguard public funds or to maintain the fiscal integrity of the  
6 program. The authority granted in this section shall not be  
7 interpreted as a limitation on the authority granted to the  
8 department in Section 14105.3.

9 (b) If the Secretary of the United States Department of Health  
10 and Human Services establishes a temporary moratorium on  
11 enrollment as described in federal regulations, the department shall  
12 establish a corresponding moratorium covering the same period  
13 and provider types, even if those provider types would not  
14 ordinarily be subject to a moratorium under this section, unless  
15 the department determines that the imposition of the moratorium  
16 will adversely impact beneficiaries access to medical assistance.  
17 A federal moratorium adopted under this subdivision shall not be  
18 subject to the director's determinations regarding safeguards of  
19 public funds and program integrity or other prerequisites that are  
20 necessary to implement a state-initiated moratorium.

21 SEC. 9. This act is an urgency statute necessary for the  
22 immediate preservation of the public peace, health, or safety within  
23 the meaning of Article IV of the Constitution and shall go into  
24 immediate effect. The facts constituting the necessity are:

25 To ensure the state's compliance with the federal Patient  
26 Protection and Affordable Care Act (Public Law 111-148) as  
27 originally enacted and as amended by the federal Health Care and  
28 Education Reconciliation Act of 2010 (Public Law 111-152) and  
29 to maintain services for health care providers, it is necessary that  
30 this act take effect immediately.