

Introduced by Senator McGuire

February 19, 2016

An act to add and repeal Section 14132.78 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1401, as introduced, McGuire. Home health care pilot projects.

Existing law provides for the licensure and regulation of home health agencies by the State Department of Public Health. Existing law requires all private or public organizations that provide or arrange for skilled nursing services to patients in the home to obtain a home health agency license. Existing law also 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. Existing law provides that home health care services are covered Medi-Cal benefits, subject to utilization controls.

This bill would require the department, on or before January 1, 2017, to develop at least 3 regional pilot projects in counties located in designated areas of the state. The pilot projects would be targeted to increase access to in-home, private duty nursing care for children receiving Medi-Cal benefits who are eligible for in-home, shift nursing care services. The bill would require, for a period of at least 2 years, an increased reimbursement rate for participating licensed home health agencies that are currently providing private duty nursing. The bill would require that the pilot project be implemented only to the extent that federal financial participation is available, and would require the department to submit any state plan amendment, waiver, or waiver amendment application necessary for federal approval.

This bill would authorize the department to establish reasonable provider eligibility standards and participation requirements and also would require the department, or an entity contracting with the department, to report to specified committees of the Legislature an evaluation of the effectiveness of the pilot projects, with input from specified stakeholders. The bill's provisions would become inoperative on July 1, 2019, and would be repealed as of January 1, 2020.

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. The Legislature finds and declares all of the
2 following:
3 (a) Home care services provide a critical role in the care
4 continuum. Home health agencies work with patients who have
5 medically complex conditions, are often permanently disabled,
6 and require extended or continuous care, including ventilation,
7 tracheostomy, and enteral feedings.
8 (b) These services allow patients to receive care in their homes
9 and allow parents of disabled children to continue to work in their
10 communities. Studies have shown that home care is cost-effective
11 compared to care in an acute care or long-term care setting.
12 (c) The state has a responsibility under Section 1902(a)(30)(A)
13 of the federal Social Security Act (42 U.S.C. Sec. 1396a(a)(30)(A))
14 to ensure that Medicaid payments are consistent with efficiency,
15 economy, and quality of care, and are sufficient to enlist enough
16 providers so that care and services are available under the state
17 plan at least to the extent that care and services are available to
18 the general population in the geographic area.
19 (d) Hundreds of pediatric Medi-Cal patients in need of home
20 health services may face significant barriers in accessing care.
21 According to a 2015 study by Leavitt Partners, Medi-Cal patients
22 have fewer options than patients with alternative payment sources
23 for the services of home health agencies. Nearly 20 percent of
24 Medi-Cal certified agencies reported having to cease to provide
25 services to an area they previously served. In addition, only 28
26 percent of the agencies surveyed reported the ability to provide
27 more than 75 percent of the skilled nursing hours that the state
28 approved for the patient and almost 60 percent of the agencies

1 reported that they are able to cover less than 25 percent of the
2 approved hours for their Medi-Cal patients.

3 (e) Overwhelming evidence suggests that many home health
4 agencies are shifting resources away from Medi-Cal patients,
5 thereby creating barriers to providing care to Medi-Cal's most
6 medically fragile children. Factors that create these barriers include,
7 but are not limited to, out-of-date reimbursement methodologies,
8 difficulty recruiting nurses into the home health care sector because
9 of low pay rates, competition for nursing staff from long-term care
10 facilities, and market exits by many certified agencies. These
11 factors appear to have resulted in home health agencies receiving
12 declining referrals from hospitals, using informal waiting lists or
13 caps to manage patient caseload, and missed nursing shifts for the
14 families of qualified patients.

15 (f) In order to address access to in-home nursing care for
16 children, the State Department of Health Care Services shall
17 conduct pilot projects targeted to home care providers in counties
18 in at least three regions of the state: the San Francisco Bay area
19 counties, the Central Valley region, and the San Diego area. The
20 pilot projects will require the department to adopt an
21 incentive-based value payment for children who are receiving
22 skilled nursing care in the home and who are enrolled in the state's
23 Medi-Cal EPSDT/IHO waiver programs. The value-based payment
24 model will reward providers that improve quality and lower costs,
25 through better outcomes.

26 SEC. 2. Section 14132.78 is added to the Welfare and
27 Institutions Code, to read:

28 14132.78. (a) (1) On or before January 1, 2017, the department
29 shall establish at least three regional pilot projects, located in
30 counties in the San Francisco Bay area, the Central Valley, and
31 the San Diego area, applicable to home health agencies that treat
32 children who receive skilled nursing services through the Medi-Cal
33 program.

34 (2) The pilot projects established pursuant to paragraph (1) shall
35 be targeted to increase access to in-home, private duty nursing
36 care for children receiving Medi-Cal benefits who are eligible for
37 in-home, shift nursing care services. The applicable reimbursement
38 rate for licensed home health agencies that are currently providing
39 private duty nursing care shall be 20 percent above the Medi-Cal

1 rate schedule as of July 1, 2015. The increased reimbursement rate
2 shall remain in effect for at least two years.

3 (3) This section shall be implemented only to the extent that
4 federal financial participation is available. The department shall
5 submit any necessary application to the federal Centers for
6 Medicare and Medicaid Services for a state plan amendment,
7 waiver, or amendment to a waiver to implement the pilot project
8 described in this section.

9 (b) The department may establish reasonable provider eligibility
10 standards and participation requirements for the pilot projects.

11 (c) No later than April 1, 2019, the department, or a qualified
12 academic institution or other entity with which the department
13 contracts, shall submit a report evaluating the effectiveness of the
14 pilot projects to the Senate Committee on Health, the Assembly
15 Committee on Health, the Senate Committee on Budget and Fiscal
16 Review, and the Assembly Committee on Budget.

17 (1) In order to compare access to necessary and approved
18 services before and after the establishment of the pilot projects,
19 the department may request participating home health agencies to
20 report on key access to care indicators identified by the department,
21 the participating agencies, and referring hospitals. The key access
22 to care indicators shall include, but need not be limited to:

23 (A) The increase or decrease in hospital discharges to home
24 health agencies.

25 (B) The number of nursing hours filled, as compared to the
26 number of hours that have been approved.

27 (C) The number of available licensed home health agencies that
28 accept pediatric patients.

29 (2) In evaluating the effectiveness of the pilot projects, the
30 department shall cooperate with, and consider input from, home
31 health agencies, consumer groups, hospitals, and other provider
32 associations.

33 (3) A report submitted pursuant to subdivision shall be submitted
34 in compliance with Section 9795 of the Government Code.

35 (d) This section shall become inoperative on July 1, 2019, and
36 as of January 1, 2020, is repealed.