

AMENDED IN ASSEMBLY AUGUST 19, 2016

SENATE BILL

No. 1477

**Introduced by Committee on Health (Senators Hernandez (Chair),
Hall, Mitchell, Monning, Nguyen, Nielsen, Pan, Roth, and Wolk)**

March 9, 2016

An act to amend Section 100500 of the Government Code, and to amend Sections 101319, 123870, 123900, 123929, 123940, and 123955 of the Health and Safety Code, *and to amend Section 14184.20 of, and to add and repeal Section 14124.12 of, the Welfare and Institutions Code*, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

SB 1477, as amended, Committee on Health. Health.

(1) Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that took effect January 1, 2014. Among other things, PPACA requires each state, by January 1, 2014, to establish an American Health Benefit Exchange that facilitates the purchase of qualified health plans by qualified individuals and qualified small employers. Existing state law establishes the California Health Benefit Exchange (the Exchange) within state government, specifies the powers and duties of the board governing the Exchange, and requires the board to facilitate the purchase of qualified health plans by qualified individuals and qualified small employers.

This bill would state that the California Health Benefit Exchange is also known as Covered California and would deem any reference to the California Health Benefit Exchange or the Exchange to refer to Covered California.

(2) Under existing law, the Robert W. Crown California Children's Services Act, the State Department of Health Care Services and each county administers the California Children's Services Program (CCS program) for treatment services for physically defective or handicapped persons under 21 years of age, as specified. Existing law authorizes, if a person is enrolled in the Health Families Program or the AIM-Linked Infants Program, the financial documentation required to establish eligibility for those programs to be used to establish financial eligibility for treatment services under the CCS program. Existing law transitions enrollees of the Healthy Families Program to the Medi-Cal program and renamed the AIM-Linked Infants Program as the Medi-Cal Access Program.

This bill would change references to the Healthy Families Program to the Medi-Cal program, and the AIM-Linked Infants Program to the Medi-Cal Access Program. ~~The~~

(3) Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which health care services are provided to qualified, low-income persons. The Medi-Cal program is, in part, governed and funded by the federal Medicaid program. Under existing law, one of the methods by which Medi-Cal services are provided is pursuant to contracts with various types of managed care plans. Under the Medi-Cal program, existing law provides for the provision of health, dental, and vision benefits to eligible children pursuant to the federal Children's Health Insurance Program (CHIP). Existing federal regulations, published on May 6, 2016, revise regulations governing Medicaid managed care plans to, among other things, align, where feasible, those rules with those of other major sources of coverage, including coverage through qualified health plans offered through an American Health Benefit Exchange, such as the Exchange, and promote quality of care and strengthen efforts to reform delivery systems that serve Medicaid and CHIP beneficiaries.

This bill, until January 1, 2020, would authorize the department to enter into contracts for the purposes of undertaking certain administrative activities concerning those revised federal regulations published on May 6, 2016. The bill would exempt contracts entered into or amended under this authority from specified provisions of the State Contract Act, specified provisions governing personal services contracts, and the provisions governing the requirement of advertising in the California State Contracts Register. The bill would require

contracts entered into pursuant to these provisions to be publicly available pursuant to the California Public Records Act.

(4) This bill would correct an erroneous cross-reference and would also make other technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 100500 of the Government Code is
2 amended to read:

3 100500. (a) There is in state government the California Health
4 Benefit Exchange, an independent public entity not affiliated with
5 an agency or department, which shall also be known as Covered
6 California. Covered California shall be governed by an executive
7 board consisting of five members who are residents of California.
8 Of the members of the board, two shall be appointed by the
9 Governor, one shall be appointed by the Senate Committee on
10 Rules, and one shall be appointed by the Speaker of the Assembly.
11 The Secretary of California Health and Human Services or his or
12 her designee shall serve as a voting, ex officio member of the
13 board.

14 (b) Members of the board, other than an ex officio member,
15 shall be appointed for a term of four years, except that the initial
16 appointment by the Senate Committee on Rules shall be for a term
17 of five years, and the initial appointment by the Speaker of the
18 Assembly shall be for a term of two years. Appointments by the
19 Governor made after January 2, 2011, shall be subject to
20 confirmation by the Senate. A member of the board may continue
21 to serve until the appointment and qualification of his or her
22 successor. Vacancies shall be filled by appointment for the
23 unexpired term. The board shall elect a chairperson on an annual
24 basis.

25 (c) (1) Each person appointed to the board shall have
26 demonstrated and acknowledged expertise in at least two of the
27 following areas:

- 28 (A) Individual health care coverage.
- 29 (B) Small employer health care coverage.
- 30 (C) Health benefits plan administration.
- 31 (D) Health care finance.

1 (E) Administering a public or private health care delivery
2 system.

3 (F) Purchasing health plan coverage.

4 (G) Marketing of health insurance products.

5 (H) Information technology system management.

6 (I) Management information systems.

7 (J) Enrollment counseling assistance, with priority to cultural
8 and linguistic competency.

9 (2) Appointing authorities shall consider the expertise of the
10 other members of the board and attempt to make appointments so
11 that the board's composition reflects a diversity of expertise.

12 (d) Each member of the board shall have the responsibility and
13 duty to meet the requirements of this title, the federal act, and all
14 applicable state and federal laws and regulations, to serve the public
15 interest of the individuals and small businesses seeking health care
16 coverage through the Exchange, and to ensure the operational
17 well-being and fiscal solvency of the Exchange.

18 (e) In making appointments to the board, the appointing
19 authorities shall take into consideration the cultural, ethnic, and
20 geographical diversity of the state so that the board's composition
21 reflects the communities of California.

22 (f) (1) A member of the board or of the staff of the Exchange
23 shall not be employed by, a consultant to, a member of the board
24 of directors of, affiliated with, or otherwise a representative of, a
25 carrier or other insurer, an agent or broker, a health care provider,
26 or a health care facility or health clinic while serving on the board
27 or on the staff of the Exchange. A member of the board or of the
28 staff of the Exchange shall not be a member, a board member, or
29 an employee of a trade association of carriers, health facilities,
30 health clinics, or health care providers while serving on the board
31 or on the staff of the Exchange. A member of the board or of the
32 staff of the Exchange shall not be a health care provider unless he
33 or she receives no compensation for rendering services as a health
34 care provider and does not have an ownership interest in a
35 professional health care practice.

36 (2) A board member shall not receive compensation for his or
37 her service on the board, but may receive a per diem and
38 reimbursement for travel and other necessary expenses, as provided
39 in Section 103 of the Business and Professions Code, while
40 engaged in the performance of official duties of the board.

1 (3) For purposes of this subdivision, “health care provider”
2 means a person licensed or certified pursuant to Division 2
3 (commencing with Section 500) of the Business and Professions
4 Code, or licensed pursuant to the Osteopathic Act or the
5 Chiropractic Act.

6 (g) A member of the board shall not make, participate in
7 making, or in any way attempt to use his or her official position
8 to influence the making of a decision that he or she knows or has
9 reason to know will have a reasonably foreseeable material
10 financial effect, distinguishable from its effect on the public
11 generally, on him or her or a member of his or her immediate
12 family, or on either of the following:

13 (1) Any source of income, other than gifts and other than loans
14 by a commercial lending institution in the regular course of
15 business on terms available to the public without regard to official
16 status aggregating two hundred fifty dollars (\$250) or more in
17 value provided to, received by, or promised to the member within
18 12 months prior to the time when the decision is made.

19 (2) Any business entity in which the member is a director,
20 officer, partner, trustee, employee, or holds any position of
21 management.

22 (h) There shall not be liability in a private capacity on the part
23 of the board or a member of the board, or an officer or employee
24 of the board, for or on account of an act performed or obligation
25 entered into in an official capacity, when done in good faith,
26 without intent to defraud, and in connection with the
27 administration, management, or conduct of this title or affairs
28 related to this title.

29 (i) The board shall hire an executive director to organize,
30 administer, and manage the operations of the Exchange. The
31 executive director shall be exempt from civil service and shall
32 serve at the pleasure of the board.

33 (j) The board shall be subject to the Bagley-Keene Open Meeting
34 Act (Article 9 (commencing with Section 11120) of Chapter 1 of
35 Part 1 of Division 3 of Title 2), except that the board may hold
36 closed sessions when considering matters related to litigation,
37 personnel, contracting, and rates.

38 (k) (1) The board shall apply for planning and establishment
39 grants made available to the Exchange pursuant to Section 1311
40 of the federal act. If an executive director has not been hired under

1 subdivision (i) when the United States Secretary of Health and
2 Human Services makes the planning and establishment grants
3 available, the California Health and Human Services Agency shall,
4 upon request of the board, submit the initial application for
5 planning and establishment grants to the United States Secretary
6 of Health and Human Services.

7 (2) If a majority of the board has not been appointed when the
8 United States Secretary of Health and Human Services makes the
9 planning and establishment grants available, the California Health
10 and Human Services Agency shall submit the initial application
11 for planning and establishment grants to the United States Secretary
12 of Health and Human Services. Any subsequent applications shall
13 be made as described in paragraph (1) once a majority of the
14 members have been appointed to the board.

15 (3) The board shall be responsible for using the funds awarded
16 by the United States Secretary of Health and Human Services for
17 the planning and establishment of the Exchange, consistent with
18 subdivision (b) of Section 1311 of the federal act.

19 (l) Any reference to the California Health Benefit Exchange or
20 the Exchange is deemed to refer to Covered California.

21 SEC. 2. Section 101319 of the Health and Safety Code is
22 amended to read:

23 101319. Due to the need to rapidly implement, and to provide
24 local health jurisdictions, hospitals, long-term health care facilities,
25 clinics, emergency medical systems, and poison control centers,
26 or their trade associations, with timely funding for the purposes
27 of, this article, funds appropriated in the annual Budget Act or
28 some other act for purposes of this article for the 2002–03 fiscal
29 year and subsequent fiscal years shall be allocated through the use
30 of agreements, which shall not be subject to Part 2 (commencing
31 with Section 10100) of Division 2 of the Public Contract Code.

32 SEC. 3. Section 123870 of the Health and Safety Code is
33 amended to read:

34 123870. (a) The department shall establish standards of
35 financial eligibility for treatment services under the California
36 Children’s Services Program (CCS program).

37 (1) Financial eligibility for treatment services under this program
38 shall be limited to persons in families with an adjusted gross
39 income of forty thousand dollars (\$40,000) or less in the most
40 recent tax year, as calculated for California state income tax

1 purposes. If a person is enrolled in the Medi-Cal program pursuant
2 to Section 14005.26 of the Welfare and Institutions Code, or
3 enrolled in the Medi-Cal Access Program pursuant to Chapter 2
4 (commencing with Section 15810) of Part 3.3 of Division 9 of the
5 Welfare and Institutions Code, the financial documentation required
6 to establish eligibility for the respective programs may be used
7 instead of the person's California state income tax return. However,
8 the director may authorize treatment services for persons in families
9 with higher incomes if the estimated cost of care to the family in
10 one year is expected to exceed 20 percent of the family's adjusted
11 gross income.

12 (2) Children enrolled in the Medi-Cal program pursuant to
13 Section 14005.26 of the Welfare and Institutions Code or the
14 Medi-Cal Access Program pursuant to Chapter 2 (commencing
15 with Section 15810) of Part 3.3 of Division 9 of the Welfare and
16 Institutions Code, who have a CCS program eligible medical
17 condition under Section 123830, and whose families do not meet
18 the financial eligibility requirements of paragraph (1), shall be
19 deemed financially eligible for CCS program benefits.

20 (b) Necessary medical therapy treatment services under the
21 California Children's Services Program rendered in the public
22 schools shall be exempt from financial eligibility standards and
23 enrollment fee requirements for the services when rendered to any
24 handicapped child whose educational or physical development
25 would be impeded without the services.

26 (c) All counties shall use the uniform standards for financial
27 eligibility and enrollment fees established by the department. All
28 enrollment fees shall be used in support of the California Children's
29 Services Program.

30 (d) Annually, every family with a child eligible to receive
31 services under this article shall pay a fee of twenty dollars (\$20),
32 that shall be in addition to any other program fees for which the
33 family is liable. This assessment shall not apply to any child who
34 is eligible for full scope Medi-Cal benefits without a share of cost,
35 for children receiving therapy through the California Children's
36 Services Program as a related service in their individualized
37 education plans, for children from families having incomes of less
38 than 100 percent of the federal poverty level, or for children
39 covered under the Medi-Cal program pursuant to Section 14005.26

1 of the Welfare and Institutions Code or the Medi-Cal Access
2 Program.

3 SEC. 4. Section 123900 of the Health and Safety Code is
4 amended to read:

5 123900. (a) Beginning September 1, 1991, in addition to any
6 other standards of eligibility pursuant to this article, each family
7 with a child otherwise eligible to receive services under this article
8 shall pay an annual enrollment fee as a requirement for eligibility
9 for services, except as specified in subdivision (f).

10 (b) The department shall determine the annual enrollment fee,
11 which shall be a sliding fee scale based upon family size and
12 income, and shall be adjusted by the department to reflect changes
13 in the federal poverty level.

14 (c) "Family size" shall include the child, his or her natural or
15 adoptive parents, siblings, and other family members who live
16 together and whose expenses are dependent upon the family
17 income.

18 (d) "Family income" for purposes of this article, shall include
19 the total gross income, or their equivalents, of the child and his or
20 her natural or adoptive parents.

21 (e) Payment of the enrollment fee is a condition of program
22 participation. The enrollment fee is independent of any other
23 financial obligation to the program.

24 (f) The enrollment fee shall not be charged in any of the
25 following cases:

26 (1) The only services required are for diagnosis to determine
27 eligibility for services, or are for medically necessary therapy
28 pursuant to Section 123875.

29 (2) The child is otherwise eligible to receive services and is
30 eligible for full Medi-Cal benefits at the time of application or
31 reapplication.

32 (3) The family of the child otherwise eligible to receive services
33 under this article has a gross annual income of less than 200 percent
34 of the federal poverty level.

35 (4) The family of a child otherwise eligible to receive services
36 under this article who is enrolled in the Medi-Cal program pursuant
37 to Section 14005.26 of the Welfare and Institutions Code.

38 (g) Failure to pay or to arrange for payment of the enrollment
39 fee within 60 days of the due date shall result in disenrollment and

1 ineligibility for coverage of treatment services 60 days after the
2 due date of the required payment.

3 (h) The county shall apply the enrollment fee scale established
4 by the department and shall collect the enrollment fee. The county
5 may arrange with the family for periodic payment during the year
6 if a lump-sum payment will be a hardship for the family. The
7 agency director of California Children’s Services may, on a
8 case-by-case basis, waive or reduce the amount of a family’s
9 enrollment fee if, in the director’s judgment, payment of the fee
10 will result in undue hardship.

11 (i) By thirty days after the effective date of this section or
12 August 1, 1991, whichever is later, the department shall advance
13 to each county, as a one-time startup amount, five dollars and fifty
14 cents (\$5.50) for each county child who was receiving services
15 under this article on June 30, 1990, and who was not a Medi-Cal
16 beneficiary. This one-time payment shall be in addition to the 4.1
17 percent of the gross total expenditures for diagnoses, treatment,
18 and therapy by counties allowed under Section 123955.

19 (j) Each county shall submit to the state, as part of its quarterly
20 claim for reimbursement, an accounting of all revenues due and
21 revenues collected as enrollment fees.

22 SEC. 5. Section 123929 of the Health and Safety Code is
23 amended to read:

24 123929. (a) Except as otherwise provided in this section and
25 Section 14133.05 of the Welfare and Institutions Code, California
26 Children’s Services ~~program~~ *Program* services provided pursuant
27 to this article require prior authorization by the department or its
28 designee. Prior authorization is contingent on determination by
29 the department or its designee of all of the following:

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

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

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

36 (b) The department or its designee may approve a request for a
37 treatment authorization that is otherwise in conformance with
38 subdivision (a) for services for a child participating in the Medi-Cal
39 program pursuant to Section 14005.26 of the Welfare and
40 Institutions Code or the Medi-Cal Access Program pursuant to

1 Chapter 2 (commencing with Section 15810) of Part 3.3 of Division
2 9 of the Welfare and Institutions Code, received by the department
3 or its designee after the requested treatment has been provided to
4 the child.

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

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

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

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

38 SEC. 6. Section 123940 of the Health and Safety Code is
39 amended to read:

1 123940. (a) (1) Annually, the board of supervisors shall
2 appropriate a sum of money for services for handicapped children
3 of the county, including diagnosis, treatment, and therapy services
4 for physically handicapped children in public schools, equal to 25
5 percent of the actual expenditures for the county program under
6 this article for the 1990–91 fiscal year, except as specified in
7 paragraph (2).

8 (2) If the state certifies that a smaller amount is needed in order
9 for the county to pay 25 percent of costs of the county’s program
10 from this source. The smaller amount certified by the state shall
11 be the amount that the county shall appropriate.

12 (b) In addition to the amount required by subdivision (a), the
13 county shall allocate an amount equal to the amount determined
14 pursuant to subdivision (a) for purposes of this article from
15 revenues allocated to the county pursuant to Chapter 6
16 (commencing with Section 17600) of Part 5 of Division 9 of the
17 Welfare and Institutions Code.

18 (c) (1) The state shall match county expenditures for this article
19 from funding provided pursuant to subdivisions (a) and (b).

20 (2) County expenditures shall be waived for payment of services
21 for children who are eligible pursuant to paragraph (2) of
22 subdivision (a) of Section 123870.

23 (d) The county may appropriate and expend moneys in addition
24 to those set forth in ~~subdivision~~ *subdivisions* (a) and (b) and the
25 state shall match the expenditures, on a dollar-for-dollar basis, to
26 the extent that state funds are available for this article.

27 (e) County appropriations under subdivisions (a) and (b) shall
28 include county financial participation in the nonfederal share of
29 expenditures for services for children who are enrolled in the
30 Medi-Cal program pursuant to Section 14005.26 of the Welfare
31 and Institutions Code, or the Medi-Cal Access Program pursuant
32 to Chapter 2 (commencing with Section 15810) of Part 3.3 of
33 Division 9 of the Welfare and Institutions Code, and who are
34 eligible for services under this article pursuant to paragraph (1) of
35 subdivision (a) of Section 123870, to the extent that federal
36 financial participation is available at the enhanced federal
37 reimbursement rate under Title XXI of the federal Social Security
38 Act (42 U.S.C. Sec. 1397aa et seq.) and funds are appropriated for
39 the California Children’s Services Program in the State Budget.

1 (f) This section shall not require the county to expend more than
2 the amount set forth in subdivision (a) plus the amount set forth
3 in subdivision (b), nor shall it require the state to expend more
4 than the amount of the match set forth in subdivision (c).

5 (g) Notwithstanding Chapter 3.5 (commencing with Section
6 11340) of Part 1 of Division 3 of Title 2 of the Government Code,
7 the department, without taking further regulatory action, shall
8 implement this section by means of California Children's Services
9 numbered letters.

10 SEC. 7. Section 123955 of the Health and Safety Code is
11 amended to read:

12 123955. (a) The state and the counties shall share in the cost
13 of administration of the California Children's Services Program
14 at the local level.

15 (b) (1) The director shall adopt regulations establishing
16 minimum standards for the administration, staffing, and local
17 implementation of this article subject to reimbursement by the
18 state.

19 (2) The standards shall allow necessary flexibility in the
20 administration of county programs, taking into account the
21 variability of county needs and resources, and shall be developed
22 and revised jointly with state and county representatives.

23 (c) The director shall establish minimum standards for
24 administration, staffing and local operation of the program subject
25 to reimbursement by the state.

26 (d) Until July 1, 1992, reimbursable administrative costs, to be
27 paid by the state to counties, shall not exceed 4.1 percent of the
28 gross total expenditures for diagnosis, treatment and therapy by
29 counties as specified in Section 123940.

30 (e) Beginning July 1, 1992, this subdivision shall apply with
31 respect to all of the following:

32 (1) Counties shall be reimbursed by the state for 50 percent of
33 the amount required to meet state administrative standards for that
34 portion of the county caseload under this article that is ineligible
35 for Medi-Cal to the extent funds are available in the State Budget
36 for the California Children's Services Program.

37 (2) Counties shall be reimbursed by the state for 50 percent of
38 the nonfederal share of the amount required to meet state
39 administrative standards for that portion of the county caseload
40 under this article that is enrolled in the Medi-Cal program pursuant

1 to Section 14005.26 of the Welfare and Institutions Code or the
2 Medi-Cal Access Program pursuant to Chapter 2 (commencing
3 with Section 15810) of Part 3.3 of Division 9 of the Welfare and
4 Institutions Code, and who are eligible for services under this
5 article pursuant to subdivision (a) of Section 123870, to the extent
6 that federal financial participation is available at the enhanced
7 federal reimbursement rate under Title XXI of the federal Social
8 Security Act (42 U.S.C. Sec. 1397aa et seq.) and funds are
9 appropriated for the California Children’s Services Program in the
10 State Budget.

11 (3) On or before September 15 of each year, each county
12 program implementing this article shall submit an application for
13 the subsequent fiscal year that provides information as required
14 by the state to determine if the county administrative staff and
15 budget meet state standards.

16 (4) The state shall determine the maximum amount of state
17 funds available for each county from state funds appropriated for
18 CCS county administration. If the amount appropriated for any
19 fiscal year in the Budget Act for county administration under this
20 article differs from the amounts approved by the department, each
21 county shall submit a revised application in a form and at the time
22 specified by the department.

23 (f) The department and counties shall maximize the use of
24 federal funds for administration of the programs implemented
25 pursuant to this article, including using state and county funds to
26 match funds claimable under Title XIX or Title XXI of the federal
27 Social Security Act (42 U.S.C. Sec. 1396 et seq.; 42 U.S.C. Sec.
28 1397aa et seq.).

29 *SEC. 8. Section 14124.12 is added to the Welfare and*
30 *Institutions Code, immediately following Section 14124.11, to*
31 *read:*

32 *14124.12. (a) The department may enter into contracts for the*
33 *purposes of undertaking administrative activities by the*
34 *department’s Mental Health and Substance Use Disorder Services*
35 *Division concerning Parts 431, 433, 438, 440, 457, and 495 of*
36 *Title 42 of the Code of Federal Regulations, as amended May 6,*
37 *2016, as published in the Federal Register (81 Fed. Reg. 27498),*
38 *and any associated federal policy guidance issued by the federal*
39 *Centers for Medicare and Medicaid Services.*

1 (b) Contracts entered into or amended pursuant to subdivision
2 (a) shall be exempt from Chapter 6 (commencing with Section
3 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code,
4 Section 19130 of the Government Code, and Part 2 (commencing
5 with Section 10100) of Division 2 of the Public Contract Code and
6 shall be exempt from the review or approval of any division of the
7 Department of General Services.

8 (c) Contracts entered into pursuant to this section shall be
9 publicly available pursuant to the California Public Records Act
10 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
11 Title 1 of the Government Code).

12 (d) This section shall remain in effect only until January 1, 2020,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2020, deletes or extends that date.

15 SEC. 9. Section 14184.20 of the Welfare and Institutions Code
16 is amended to read:

17 14184.20. (a) Consistent with federal law, the Special Terms
18 and Conditions, and this article, the department shall implement
19 the Medi-Cal 2020 demonstration project, including, but not limited
20 to, all of the following components:

21 (1) The Global Payment Program, as described in Section
22 14184.40.

23 (2) The Public Hospital Redesign and Incentives in Medi-Cal
24 (PRIME) program, as described in Section 14184.50.

25 (3) The Whole Person Care pilot program, as described in
26 Section 14184.60.

27 (4) The Dental Transformation Initiative, as described in Section
28 14184.70.

29 (b) In the event of a conflict between any provision of this article
30 and the Special Terms and Conditions, the Special Terms and
31 Conditions shall control.

32 (c) The department, as appropriate, shall consult with the
33 designated public hospitals, district and municipal public hospitals,
34 and other local governmental agencies with regard to the
35 implementation of the components of the demonstration project
36 under subdivision (a) in which they will participate, including, but
37 not limited to, the issuance of guidance pursuant to subdivision
38 (d).

39 (d) Notwithstanding Chapter 3.5 (commencing with Section
40 11340) of Part 1 of Division 3 of Title 2 of the Government Code,

1 the department may implement, interpret, or make specific this
2 article or the Special Terms and Conditions, in whole or in part,
3 by means of all-county letters, plan letters, provider bulletins, or
4 other similar instructions, without taking regulatory action. The
5 department shall provide notification to the Joint Legislative
6 Budget Committee and to the Senate Committees on
7 Appropriations, Budget and Fiscal Review, and Health, and the
8 Assembly Committees on Appropriations, Budget, and Health
9 within 10 business days after the above-described action is taken.
10 The department shall make use of appropriate processes to ensure
11 that affected stakeholders are timely informed of, and have access
12 to, applicable guidance issued pursuant to this authority, and that
13 this guidance remains publicly available until all payments related
14 to the applicable demonstration *project* component are finalized.

15 (e) For purposes of implementing this article or the Special
16 Terms and Conditions, the department may enter into exclusive
17 or nonexclusive contracts, or amend existing contracts, on a bid
18 or negotiated basis. Contracts entered into or amended pursuant
19 to this subdivision shall be exempt from Chapter 6 (commencing
20 with Section 14825) of Part 5.5 of Division 3 of Title 2 of the
21 Government Code and Part 2 (commencing with Section 10100)
22 of Division 2 of the Public Contract Code, and shall be exempt
23 from the review or approval of any division of the Department of
24 General Services.

25 (f) During the course of the demonstration term, the department
26 shall seek any federal approvals it deems necessary to implement
27 the demonstration project and this article. This shall include, but
28 is not limited to, approval of any amendment, addition, or technical
29 correction to the Special Terms and Conditions, and any associated
30 state plan amendment, as deemed necessary. This article shall be
31 implemented only to the extent that any necessary federal approvals
32 are obtained and federal financial participation is available and is
33 not otherwise jeopardized.

34 (g) The director may modify any process or methodology
35 specified in this article to the extent necessary to comply with
36 federal law or the Special Terms and Conditions of the
37 demonstration project, but only if the modification is consistent
38 with the goals set forth in this article for the demonstration project,
39 and its individual components, and does not significantly alter the
40 relative level of support for participating entities. If the director,

1 after consulting with those entities participating in the applicable
2 demonstration project component and that would be affected by
3 that modification, determines that the potential modification would
4 not be consistent with the goals set forth in this article or would
5 significantly alter the relative level of support for affected
6 participating entities, the modification shall not be made and the
7 director shall execute a declaration stating that this determination
8 has been made. The director shall retain the declaration and provide
9 a copy, within five working days of the execution of the
10 declaration, to the fiscal and appropriate policy committees of the
11 Legislature, and shall work with the affected participating entities
12 and the Legislature to make the necessary statutory changes. The
13 director shall post the declaration on the department's Internet
14 Web site and the director shall send the declaration to the Secretary
15 of State and the Legislative Counsel.

16 (h) In the event of a determination that the amount of federal
17 financial participation available under the demonstration project
18 is reduced due to the application of penalties set forth in the Special
19 Terms and Conditions, the enforcement of the demonstration
20 project's budget neutrality limit, or other similar occurrence, the
21 department shall develop the methodology by which payments
22 under the demonstration project shall be reduced, in consultation
23 with the potentially affected participating entities and consistent
24 with the standards and process specified in subdivision ~~(h)~~ (g).
25 To the extent feasible, those reductions shall protect the ability to
26 claim the full amount of the total computable disproportionate
27 share allotment through the Global Payment Program.

28 (i) During the course of the demonstration term, the department
29 may work to develop potential successor payment methodologies
30 that could continue to support entities participating in the
31 demonstration project following the expiration of the demonstration
32 term and that further the goals set forth in this article and in the
33 Special Terms and Conditions. The department shall consult with
34 the entities participating in the payment methodologies under the
35 demonstration project, affected stakeholders, and the Legislature
36 in the development of any potential successor payment
37 methodologies pursuant to this subdivision.

38 (j) The department may seek to extend the payment
39 methodologies described in this article through demonstration year
40 16 or to subsequent time periods by way of amendment or

1 extension of the demonstration project, amendment to the Medi-Cal
2 State Plan, or any combination thereof, consistent with the
3 applicable federal requirements. This subdivision shall only be
4 implemented after consultation with the entities participating in,
5 or affected by, those methodologies, and only to the extent that
6 any necessary federal approvals are obtained and federal financial
7 participation is available and is not otherwise jeopardized.

8 (k) (1) Notwithstanding any other law, and to the extent
9 authorized by the Special Terms and Conditions, the department
10 may claim federal financial participation for expenditures
11 associated with the designated state health programs identified in
12 the Special Terms and Conditions for use solely by the department
13 as specified in this subdivision.

14 (2) Any federal financial participation claimed pursuant to
15 paragraph (1) shall be used to offset applicable General Fund
16 expenditures. These amounts are hereby appropriated to the
17 department and shall be available for transfer to the General Fund
18 for this purpose.

19 (3) An amount of General Fund moneys equal to the federal
20 financial participation that may be claimed pursuant to paragraph
21 (1) is hereby appropriated to the Health Care Deposit Fund for use
22 by the department.