

AMENDED IN SENATE SEPTEMBER 13, 1995

AMENDED IN SENATE JULY 26, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 1257

Introduced by Assembly Member ~~Caldera~~ Vasconcellos

February 23, 1995

~~An act to amend Sections 17041 and 17062 of, and to add, repeal, and add Section 17053.32 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy. An act to amend Sections 12302.3, 14132.44, and 14132.90 of, and to amend and repeal Section 14132.22 of, the Welfare and Institutions Code, to amend Section 23 of, and to amend and repeal Section 16 of, Chapter 305 of the Statutes of 1995, relating to health, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1257, as amended, ~~Caldera~~ Vasconcellos. ~~Income taxes: rates: credits~~ Human services.

Existing law establishes the In-Home Supportive Services (IHSS) program, under which services are provided to qualified aged, blind, and disabled individuals in order to permit them to remain in their own homes and avoid institutionalization.

Existing law permits each county, in administering its IHSS program, to utilize different options in determining the manner in which services will be provided.

Existing law specifically permits the City and County of San Francisco to make specified wage increases for its IHSS program providers for the 1995–96 fiscal year.

This bill would specify that this authority would be subject to federal approval and financial participation.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services.

Existing law requires the department to establish transitional inpatient care services, to the extent that federal participation is available.

This bill would, among other things, make these provisions inoperative on July 1, 1999, and repeal them on January 1, 2000.

Existing law provides that targeted case management, as defined in federal law, is a covered Medi-Cal benefit, with a targeted case management provider being defined as a local governmental agency under contract with the department.

Existing law permits a local governmental entity to contract with a nongovernmental entity or the University of California to provide targeted case management services under specified conditions.

Existing law further specifies that to the extent that a federal audit disallowance and interest results from a claim or claims for which the local governmental agency has received reimbursement for targeted case management services performed by a nongovernmental entity, the department shall be held harmless by the local governmental agency for the amount of the federal audit disallowance and interest, less specified amounts.

This bill would also apply this provision to services performed by the University of California.

Existing law provides that, as of September 1, 1995, day care habilitative services covered as part of Medi-Cal outpatient drug abuse services, shall be provided only to alcohol and drug exposed pregnant women and women in the postpartum period.

This bill would, instead, provide that, as of September 15, 1995, these services would be provided only to alcohol and



drug exposed pregnant women and women in the postpartum period, or as required by federal law.

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

~~The Personal Income Tax Law imposes a tax upon taxable income at various rates depending upon the amount of that income. The highest marginal tax rates for taxable years beginning on or after January 1, 1991, and before January 1, 1996, are (1) 10% for that portion of taxable income over \$100,000, but not over \$200,000, in the case of every resident of this state who is not a head of household, and 10% for that portion of taxable income exceeding \$136,115, but not over \$272,230, in the case of a resident who is a head of household, and (2) 11% for that portion of taxable income exceeding \$200,000, in the case of every resident of this state who is not a head of household, and 11% for that portion of taxable income exceeding \$272,230, in the case of a resident who is a head of household.~~

~~This bill would extend the January 1, 1996, date to January 1, 1999, thereby extending the operation of those highest marginal rates.~~

~~The Personal Income Tax Law allows various credits against the taxes imposed by that law.~~

~~This bill would provide, under that law, a credit for each taxable year beginning on or after January 1, 1995, and before January 1, 1999, in an amount equal to specified percentages of the federal earned income tax credit, as modified. The bill would allow any credit in excess of the taxpayer's tax liability, as specified, to be refunded to the taxpayer only if funds are appropriated for that purpose by the Legislature.~~

~~The Personal Income Tax Law provides for the levy of an alternative minimum tax in conformity with federal law, subject to certain modifications that include a tentative minimum tax. The tentative minimum tax is imposed on specified items of income and items of tax preference. The Personal Income Tax Law imposes a tentative minimum tax rate of 8.5% for each taxable year beginning on or after January 1, 1991, and before January 1, 1996, and 7% for each taxable year beginning on or after January 1, 1996.~~



~~This bill would extend the operation of the 8.5% rate to also apply to those taxable years beginning before January 1, 1999.~~

~~This bill would provide that it would not become operative unless SB 14 is not enacted during 1995, or that bill, as enacted, does not amend specified provisions.~~

~~This bill would take effect immediately as a tax levy.~~

Vote: ~~majority~~ ^{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 17041 of the Revenue and~~
 2 *SECTION 1. Section 12302.3 of the Welfare and*
 3 *Institutions Code is amended to read:*

4 12302.3. (a) Notwithstanding any other provision of
 5 this article, and in a manner consistent with the powers
 6 available to public authorities created under this article,
 7 the City and County of San Francisco may:

8 ~~(a)–~~

9 (1) Increase the wages of all in-home supportive
 10 services providers ~~for~~ *in* the 1995–96 fiscal year.

11 ~~(b)–Use~~

12 (2) *Subject to the requirements of federal law, use*
 13 *county-only funds to fund county and state shares to meet*
 14 ~~the~~ *federal financial participation requirements*
 15 *necessary to obtain any available Title XIX of the federal*
 16 *Social Security Act (42 U.S.C. Sec. 1396, et seq.)*
 17 *(Medicaid) personal care services reimbursement.*

18 ~~(e)–~~

19 (3) Provide in-home supportive services workers with
 20 any wage increase the city and county may appropriate,
 21 as long as this amount is in accordance with the provisions
 22 of the Medi-Cal State Plan Amendment ~~94-0046~~ *94-006*, as
 23 approved ~~pursuant to~~ *by the federal regulation Health*
 24 *Care Financing Administration*. The county-only funds
 25 shall be used exclusively to increase workers wages and
 26 to pay any proportionate share of employer taxes and
 27 current benefits, and to pay for the cost of state and
 28 county administration of these activities as provided for
 29 in ~~subdivision—(e)~~ *paragraph (5)*. Notwithstanding



1 Section 12302.1, any wage increase for those workers
2 employed under contract shall be passed through by the
3 contractor to the workers, subject to the limitations
4 specified in this paragraph. The state shall continue to
5 provide payroll functions for all workers who are
6 currently ~~independent~~ *individual* providers unless and
7 until the in-home supportive services public authority is
8 operational.

9 ~~(d)~~

10 (4) Claim the administrative costs of the wage pass
11 through in accordance with the department's claiming
12 requirements.

13 ~~(e)~~

14 (5) In the event that federal financial participation is
15 available for county-only payroll monies, the following
16 shall apply:

17 ~~(1)~~

18 (A) If additional payroll costs will be incurred by the
19 state due to the receipt and payment of federal funds, the
20 department shall provide the city and county with a
21 detailed estimate of the additional costs of the provision
22 of payroll functions associated with the processing of
23 federal funds. If the city and county elects to pay the
24 additional costs, the department will provide these
25 payroll functions. If the city and county does not elect to
26 pay the additional costs, the department and the city and
27 county may seek another, mutually satisfactory
28 arrangement.

29 ~~(2)~~

30 (B) In the event that federal financial participation is
31 not available, the department shall continue to perform
32 the existing payroll functions provided on July 28, 1995, at
33 no additional cost to the city and county.

34 (b) (1) *This section shall not be implemented with*
35 *respect to any particular wage increase pursuant to*
36 *subdivision (a) unless the department has obtained the*
37 *approval of the State Department of Health Services for*
38 *that wage increase prior to its execution to determine*
39 *that it is consistent with federal law and to ensure federal*
40 *financial participation for the services under Title XIX of*



1 *the federal Social Security Act (42 U.S.C. Sec. 1396, et*
2 *seq.).*

3 (2) *The Director of Health Services shall seek any*
4 *federal waivers or approvals necessary for*
5 *implementation of this section under Title XIX of the*
6 *federal Social Security Act (42 U.S.C. Sec. 1396, et seq.).*

7 *SEC. 2. Section 14132.22 of the Welfare and*
8 *Institutions Code is amended to read:*

9 14132.22. (a) (1) Transitional inpatient care
10 services, as described in this section and provided by a
11 qualified health facility, is a covered benefit under this
12 chapter, subject to utilization controls and subject to the
13 availability of federal financial participation. These
14 services shall be available to individuals needing
15 short-term medically complex or intensive rehabilitative
16 services, or both.

17 (2) The department shall seek any necessary
18 approvals from the federal Health Care Financing
19 Administration to ensure that transitional inpatient care
20 services, when provided by a general acute care hospital,
21 will be considered for purposes of determining whether
22 a hospital is deemed to be a disproportionate share
23 hospital pursuant to Section 1396r-4(b) of Title 42 of the
24 United States Code or any successor statute.

25 (3) Transitional inpatient care services shall be
26 available to Medi-Cal beneficiaries who do not meet the
27 criteria for eligibility for the subacute program provided
28 for pursuant to Section 14132.25, but who need more
29 medically complex and intensive *rehabilitative* services
30 than are generally available in a skilled nursing facility,
31 and who are clinically stable and no longer need the level
32 of diagnostic and ancillary services provided generally in
33 an acute care facility.

34 (b) For purposes of this section, “transitional inpatient
35 care” means the level of care needed by an individual
36 who has suffered an illness, injury, or exacerbation of a
37 disease, and whose medical condition has clinically
38 stabilized so that; daily physician services; and the
39 immediate availability of technically complex diagnostic
40 and invasive procedures usually available only in the



1 acute care hospital; are not medically necessary; and
2 when the physician assuming the responsibility of
3 treatment management of the patient in transitional care
4 has developed a definitive and time-limited course of
5 treatment. The individual's care needs may be medical,
6 rehabilitative, or both. However, the individual shall fall
7 within one of the two following patient groups:

8 (1) "Transitional medical patient," which means a
9 medically stable patient with short-term transitional care
10 needs, whose primary barrier to discharge to a residential
11 setting is medical status rather than functional status.
12 These patients may require simple rehabilitation
13 therapy, but not a rehabilitation program appropriate for
14 multiple interrelated areas of functional disability.

15 (2) "Transitional rehabilitation patient," which means
16 a medically stable patient with short-term transitional
17 care needs, whose primary barrier to discharge to a
18 residential setting is functional status, rather than
19 medical status, and who has the capacity to benefit from
20 a rehabilitation program as determined by a ~~psychiatrist~~
21 *physiatrist* or physician otherwise skilled in rehabilitation
22 medicine. These patients may have unresolved medical
23 problems, but these problems must be sufficiently
24 controlled to allow ~~their~~ participation in the
25 rehabilitation program.

26 (c) In implementing the transitional inpatient care
27 program the department shall consider the differences
28 between the two patient groups described in paragraphs
29 (1) and (2) of subdivision (b) and shall assure that each
30 group's specific health care needs are met.

31 (d) For the initial two years following the
32 implementation of this program, transitional inpatient
33 care services shall be made available only to qualifying
34 Medi-Cal beneficiaries who are 18 years of age or older.

35 (e) For the initial two years following implementation
36 of this program, transitional inpatient care services shall
37 not be available to patients in acute care hospitals defined
38 as small and rural pursuant to Section 1188.855 of the
39 Health and Safety Code.



1 (f) (1) Transitional inpatient care services may be
2 provided by general acute care hospitals that are licensed
3 pursuant to Chapter 2 (commencing with Section 1250)
4 of Division 2 of the Health and Safety Code. General
5 acute care hospitals may provide transitional inpatient
6 care services in the acute care hospital, an acute
7 rehabilitation center, or the distinct part skilled nursing
8 unit of the acute care hospital. Licensed skilled nursing
9 facilities, as defined in subdivision (c) of Section 1250 of
10 the Health and Safety Code, may also provide the services
11 described in subdivision (b).

12 (2) Costs of providing transitional inpatient care
13 services in nonsegregated parts of the distinct part skilled
14 nursing unit of the acute care hospital shall be
15 determinable, in the absence of distinct and separate cost
16 centers established for this purpose. Costs of providing
17 transitional inpatient care services in nondistinct parts of
18 the acute care hospital shall be determinable, in the
19 absence of distinct and separate cost centers established
20 for this purpose. A separate and distinct cost center shall
21 be maintained or established for each unit in freestanding
22 skilled nursing facilities in which the services described
23 in subdivision (b) are provided, in order to identify and
24 segregate costs for transitional inpatient care patients
25 from costs for other patients who may be served within
26 the parent facility.

27 (g) In order to participate as a provider in the
28 transitional inpatient care program, a facility shall meet
29 all applicable standards necessary for participation in the
30 Medi-Cal program and all of the following:

31 (1) If the health facility is a freestanding nursing
32 facility, it shall be located in close proximity to a general
33 acute care hospital with which the facility has a transfer
34 agreement in order to support the capability to respond
35 to medical emergencies.

36 (2) The health facility shall demonstrate, to the
37 department, competency in providing high quality care
38 to all patients for whom the facility provides care,
39 experience in providing high quality care to the types of
40 transitional inpatient care patients the facility proposes to



1 serve, and the ability to provide transitional inpatient
2 care to patients pursuant to this chapter.

3 (3) The health facility shall enter into a provider
4 agreement with the department for the provision of
5 transitional inpatient care. The provider agreement shall
6 specify whether the facility is authorized to serve
7 transitional medical patients or transitional rehabilitation
8 patients or both, depending on the facility's
9 demonstrated ability to meet standards specific to each
10 patient group. Continuation of the provider agreement
11 shall be contingent upon the facility's continued
12 compliance with all the applicable requirements of this
13 section and any other applicable laws or regulations.

14 (h) In determining a facility's qualifications for initial
15 participation, an onsite review shall be conducted by the
16 department. Subsequent review shall be conducted
17 onsite as necessary, but not less frequently than annually.
18 Initial and subsequent reviews shall be conducted by
19 appropriate department personnel, which shall include a
20 registered nurse and other health professionals where
21 appropriate. The department shall develop written
22 protocols for reviews.

23 (i) Transitional inpatient care services shall be
24 available to patients receiving care in an acute care
25 hospital. Under specified circumstances, as set forth in
26 regulations, transitional inpatient care shall be available
27 to patients transferring directly from a skilled nursing
28 facility level of care, a ~~physicians~~ *physician's* office, a
29 clinic, or from the emergency room of a general acute
30 care hospital, provided they have received a
31 comprehensive medical assessment conducted by a
32 physician, and the physician determines, and documents
33 in the medical record, that the patient has been clinically
34 stable for the 24 hours preceding admission to the
35 transitional inpatient care program.

36 (j) A health facility providing transitional inpatient
37 care shall accept and retain only those patients for whom
38 it can provide adequate, safe, therapeutic, and effective
39 care, and as identified in its application for participation
40 as a transitional inpatient care provider. The facility's



1 determination to accept a patient into the transitional
2 inpatient care unit shall be based on its preadmission
3 screening process conducted by appropriate facility
4 personnel.

5 (k) The department shall establish a process for
6 providing timely, concurrent authorization and
7 coordination, as required, of all medically necessary
8 services for transitional inpatient care.

9 (l) The department shall adopt regulations specifying
10 admission criteria and an admission process appropriate
11 to each of the transitional inpatient care patient groups
12 specified in ~~paragraph~~ *subdivision* (b). Patient admission
13 criteria to transitional inpatient care shall include, but not
14 be limited to, the following:

15 (1) Prior to admission to transitional inpatient care,
16 the patient shall be determined to have been clinically
17 stable for the preceding 24 hours by the attending
18 physician and the physician assuming the responsibility of
19 treatment management of the patient in the transitional
20 inpatient care program.

21 (2) The patient shall be admitted to transitional
22 inpatient care on the order of the physician assuming the
23 responsibility of the management of the patient, with an
24 established diagnosis, and an explicit time-limited course
25 of treatment of sufficient detail to allow the facility to
26 initiate appropriate assessments and services. No patient
27 shall be transferred from an acute care hospital to a
28 transitional inpatient care program that is in a
29 freestanding nursing facility if the patient's attending
30 physician documents in the medical record that the
31 transfer would cause physical or psychological harm to
32 the patient.

33 (3) (A) Medical necessity for transitional care shall
34 include, but not be limited to, one or more of the
35 following:

- 36 (i) Intravenous therapy.
- 37 (ii) Rehabilitative services.
- 38 (iii) Wound care.
- 39 (iv) Respiratory therapy.
- 40 (v) Traction.



1 (B) The department shall develop regulations further
2 defining the services to be provided pursuant to clauses
3 (i) to (v), inclusive, and the circumstances under which
4 these services shall be provided.

5 (m) Registered nurses shall be assigned to the
6 transitional inpatient care unit at all times and in
7 sufficient numbers to allow for the ongoing patient
8 assessment, patient care, and supervision of licensed and
9 unlicensed staff. Participating facilities shall assure that
10 staffing is adequate in number and skill mix, at all times,
11 to address reasonably anticipated admissions, discharges,
12 transfers, patient emergencies, and temporary absences
13 of staff from the transitional care unit including, but not
14 limited to, absences to attend meetings or inservice
15 training. All licensed and certified health care personnel
16 shall hold valid, current licensure or certification.

17 (n) Continued medical assessments shall be of
18 sufficient frequency as to adequately review, evaluate,
19 and alter plans of care as needed in response to patients'
20 medical progress.

21 (o) The department shall develop a rate of
22 reimbursement for transitional inpatient care services for
23 providers as specified in subdivision (f). Reimbursement
24 rates shall be specified in regulation and in accordance
25 with methodologies developed by the department and
26 may include the following:

27 (1) All inclusive per diem rates.

28 (2) Individual patient specific rates according to the
29 needs of the individual transitional care patient.

30 (3) Other rates subject to negotiation with the health
31 facility.

32 (p) Reimbursement at transitional *inpatient* care rates
33 shall only be implemented when funds are available for
34 this purpose pursuant to the annual Budget Act. Funds
35 expended to implement this section shall be used by
36 providers to assure safe, therapeutic, and effective
37 patient care by staffing at levels which meet patients'
38 needs, and to ensure that these providers have the
39 needed resources and staff to provide quality care to
40 transitional inpatient care patients.



1 (q) (1) The department shall reimburse physicians
 2 for all medically necessary care provided to transitional
 3 inpatient care patients and shall establish Medi-Cal
 4 physician reimbursement rates commensurate with
 5 those for visits to nontransitional acute care patients in
 6 acute care hospitals.

7 (2) It is the intent of this subdivision to cover physician
 8 costs not included in the per diem rate.

9 ~~(3) This subdivision shall become inoperative on~~
 10 ~~January 1, 2000.~~

11 (r) No later than January 1, 1999, the department shall
 12 evaluate, and make recommendations regarding, the
 13 effectiveness and safety of the transitional inpatient care
 14 program. The evaluation shall be developed in
 15 consultation with representatives of providers, facility
 16 employees, and consumers. The department may
 17 contract for all or a portion of the evaluation. The
 18 evaluation shall be for the purpose of determining the
 19 impact of the transitional inpatient care program on
 20 patient care, including functional outcomes, if applicable,
 21 on whether the care costs less than other alternatives, and
 22 whether it results in the deterioration of patient health
 23 and safety as compared to other placements. The
 24 evaluation shall also be for the purpose of determining
 25 the effect on ~~nontransitional~~ *patients other than those*
 26 *receiving transitional inpatient care* ~~patients~~ in
 27 participating facilities. The evaluation shall include:

28 (1) Data on patient mortality, patients served, length
 29 of stay, and subsequent placement or discharge.

30 (2) Data on readmission to acute care and emergency
 31 room transfers.

32 (3) Staffing standards in the facilities.

33 (4) Other outcome measures and indicia of patient
 34 health and safety otherwise required to be reported by
 35 federal or state law.

36 (s) The department shall develop regulations to
 37 amend Sections 51540 to 51556, inclusive, of Title 22 of the
 38 California Code of Regulations, to exclude the cost of
 39 transitional inpatient care services rendered in general



1 acute care hospitals from the hospital's inpatient services
2 reimbursement.

3 (t) The department may adopt emergency
4 regulations as necessary to implement this section in
5 accordance with the Administrative Procedures Act,
6 Chapter 3.5 (commencing with Section 11340) of Part 1
7 of Division 3 of Title 2 of the Government Code. The
8 initial adoption of emergency regulations shall be
9 deemed to be an emergency and considered by the Office
10 of Administrative Law as necessary for the immediate
11 preservation of public peace, health and safety, or general
12 welfare. Emergency regulations adopted pursuant to this
13 section shall remain in effect for no more than 180 days.
14 If the department adopts emergency regulations to
15 implement this section, the department shall obtain input
16 from interested parties to address the unique needs of
17 medically complex and intensive rehabilitative patients
18 qualifying for transitional inpatient care.
19 Notwithstanding the requirements of this section, the
20 department shall, if it adopts emergency regulations to
21 implement this section, address the following major
22 subject areas:

23 (1) Patient selection and assessment criteria,
24 including but not limited to, preadmission screening,
25 patient assessments, physician services, and
26 interdisciplinary teams.

27 (2) Facility participation criteria and agreements,
28 including but not limited to, facility licensing and
29 certification history, demonstration to the department of
30 a preexisting history in providing care to medically
31 complex or intensive rehabilitative patients, data
32 reporting requirements, demonstration of continued
33 ability to provide high quality of care to all patients, nurse
34 staffing requirements, ancillary services, and staffing
35 requirements.

36 (u) *This section shall remain in effect only until*
37 *January 1, 2000, and as of that date is repealed, unless a*
38 *later enacted statute, that is enacted on or before January*
39 *1, 2000, deletes or extends that date.*



1 SEC. 3. Section 14132.44 of the Welfare and
2 Institutions Code is amended to read:

3 14132.44. (a) Targeted case management (TCM),
4 pursuant to Section 1915(g) of the Social Security Act as
5 amended by Public Law 99-272 (42 U.S.C. Sec. 1396n(g)),
6 shall be covered as a benefit, effective January 1, 1995.
7 Nothing in this section shall be construed to require any
8 local governmental agency to implement TCM.

9 (b) A TCM provider furnishing TCM services shall be
10 a local governmental agency under contract with the
11 department to provide TCM services. Local educational
12 agencies shall not be providers of case management
13 services under this section.

14 (c) A TCM provider may contract with a
15 nongovernmental entity or the University of California,
16 or both, to provide TCM services on its behalf under the
17 conditions specified by the department in regulations.

18 (d) Each TCM provider shall have all of the following:

19 (1) Established procedures for performance
20 monitoring.

21 (2) A countywide system to prevent duplication of
22 services and to ensure coordination and continuity of care
23 among providers of case management services provided
24 to beneficiaries who are eligible to receive case
25 management services from two or more programs.

26 (3) A fee mechanism effective January 1, 1995, specific
27 to TCM services provided, which may vary by program.

28 (e) A TCM service provider, a nongovernmental
29 entity or the University of California, or both, under
30 contract with a TCM provider may provide TCM services
31 to one or all of the following groups of Medi-Cal
32 beneficiaries, which shall be defined in regulation:

33 (1) High-risk persons.

34 (2) Persons who have language or other
35 comprehension barriers.

36 (3) Persons on probation.

37 (4) Persons who have exhibited an inability to handle
38 personal, medical, or other affairs.

39 (5) Persons abusing alcohol or drugs, or both.

40 (6) Adults at risk of institutionalization.



1 (7) Adults at risk of abuse or neglect.

2 (f) (1) A local governmental agency that elects to
3 provide TCM services to the groups specified in
4 subdivision (e) shall, for each fiscal year, for the purpose
5 of obtaining federal medicaid matching funds, submit an
6 annual cost report as prescribed by the department that
7 certifies all of the following:

8 (A) The availability and expenditure of 100 percent of
9 the nonfederal share for the provision of TCM services
10 from the local governmental agency's general fund or
11 from any other funds allowed under federal law and
12 regulation.

13 (B) The amount of funds expended on allowable TCM
14 services.

15 (C) Its expenditures represent costs that are eligible
16 for federal financial participation.

17 (D) The costs reflected in the annual cost reports used
18 to determine TCM rates are developed in compliance
19 with the definitions contained in the Office of
20 Management and Budget (OMB) Circular A-87.

21 (E) Case management services provided in
22 accordance with Section 1396n(g) of Title 42 of the
23 United States Code will not duplicate case management
24 services provided under any home- and
25 community-based services waiver.

26 (F) Claims for providing case management services
27 pursuant to this section will not duplicate claims made to
28 public agencies or private entities under other program
29 authorities for the same purposes.

30 (G) The requirements of subdivision (d) have been
31 met.

32 (2) The department shall deny any claim if it
33 determines that any certification required by this
34 subdivision is not adequately supported for purposes of
35 federal financial participation.

36 (g) Only a local governmental agency may submit
37 TCM service claims to the department for the
38 performance of TCM services.

39 (h) During the period from January 1, 1995, through
40 June 30, 1995, TCM services shall be reimbursed



1 according to the interim mechanism developed by the
2 state and the Health Care Financing Administration,
3 which is reflected in the document entitled “Agreement
4 Between the Health Care Financing Administration and
5 the State of California, Department of Health Services.”
6 For the 1995–96 fiscal year, the department shall establish
7 an initial rate of reimbursement. Effective July 1, 1996,
8 and thereafter, TCM services shall be reimbursed in
9 accordance with regulations that shall be adopted by the
10 department.

11 (i) The department, in consultation with local
12 governmental agencies, and consistent with federal
13 regulations, and the State Medicaid Manual of the
14 Department of Health and Human Services, Health Care
15 Financing Administration, shall adopt regulations that
16 define TCM services, establish the standards under which
17 TCM services qualify as a Medi-Cal reimbursable service,
18 prescribe the methodology for determining the rate of
19 reimbursement, and establish a claims submission and
20 processing system and method to certify local matching
21 expenditures.

22 (j) (1) Notwithstanding any other provision of this
23 section, the state shall be held harmless, in accordance
24 with paragraphs (2) and (3) from any federal audit
25 disallowance and interest resulting from payments made
26 by the federal medicaid program as reimbursement for
27 claims for providing TCM services pursuant to this
28 section, less the amounts already remitted to the state
29 pursuant to subdivision (m) for the disallowed claim.

30 (2) To the extent that a federal audit disallowance and
31 interest results from a claim or claims for which any local
32 governmental agency has received reimbursement for
33 TCM services, the department shall recoup from the local
34 governmental agency that submitted that disallowed
35 claim, through offsets or by a direct billing, amounts equal
36 to the amount of the disallowance and interest, in that
37 fiscal year, less the amounts already remitted to the state
38 pursuant to subdivision (m) for the disallowed claim. All
39 subsequent claims submitted to the department
40 applicable to any previously disallowed claim, may be



1 held in abeyance, with no payment made, until the
2 federal disallowance issue is resolved.

3 (3) Notwithstanding paragraphs (1) and (2), to the
4 extent that a federal audit disallowance and interest
5 results from a claim or claims for which the local
6 governmental agency has received reimbursement for
7 TCM services performed by a nongovernmental entity *or*
8 *the University of California, or both*, under contract with,
9 and on behalf of, the participating local governmental
10 agency, the department shall be held harmless by that
11 particular local governmental agency for 100 percent of
12 the amount of any such federal audit disallowance and
13 interest, less the amounts already remitted to the state
14 pursuant to subdivision (m) for the disallowed claim.

15 (k) The use of local matching funds required by this
16 section shall not create, lead to, or expand the health care
17 funding obligations or service obligations for current or
18 future years for each local governmental agency, except
19 as required by this section or as may be required by
20 federal law.

21 (l) TCM services are services which assist
22 beneficiaries to gain access to needed medical, social,
23 educational, and other services. Services provided by
24 TCM providers, and their subcontractors, shall be defined
25 in regulation, and shall include at least one of the
26 following:

- 27 (1) Assessment.
- 28 (2) Plan development.
- 29 (3) Linkage and consultation.
- 30 (4) Assistance in accessing services.
- 31 (5) Periodic review.
- 32 (6) Crisis assistance planning.

33 (m) (1) Each local government agency shall
34 contribute to the department a portion of the agency's
35 general fund that has been made available due to the
36 coverage of services described in this section under the
37 Medi-Cal program. For both the 1994-95 and 1995-96
38 fiscal years, this contribution shall not exceed twenty
39 million dollars (\$20,000,000) in each fiscal year less the
40 amount contributed pursuant to subdivision (m) of



1 Section 14132.47. The contributed funds shall be
 2 reinvested in health services through the Medi-Cal
 3 program. The total contribution amount shall be equal to
 4 $33\frac{1}{3}$ percent of the amounts that have been made
 5 available under this section. Beginning with the 1994-95
 6 fiscal year, each local governmental agency's share of the
 7 total contribution shall be determined by claims
 8 submitted and approved for payment through January 1
 9 of the following calendar year. Claims received and
 10 approved for payment after January 1 for dates of service
 11 in the previous fiscal year shall be included in the
 12 following year's calculation. Each local governmental
 13 agency's share of the contribution for the previous fiscal
 14 year shall be determined no later than February 15 and
 15 shall be remitted to the state no later than April 1 of each
 16 year. The contribution amount shall be paid from
 17 nonfederal, general fund revenues, and shall be deposited
 18 in the Targeted Case Management Claiming Fund,
 19 which is hereby created, for transfer to the Health Care
 20 Deposit Fund.

21 (2) Moneys received by the department pursuant to
 22 this subdivision are hereby continuously appropriated,
 23 notwithstanding Section 13340 of the Government Code,
 24 to the department for the support of the Medi-Cal
 25 program, and the funds shall be administered in
 26 accordance with procedures prescribed by the
 27 Department of Finance. If not paid as provided in this
 28 section, the department may offset payments due to each
 29 local governmental agency from the state, not related to
 30 payments required to be made pursuant to this section,
 31 in order to recoup these funds for the Targeted Case
 32 Management Claiming Fund.

33 (n) As a condition of participation and in
 34 consideration of the joint effort of the local governmental
 35 agencies and the department in implementing this
 36 section and the ongoing need of local governmental
 37 agencies to receive technical support from the
 38 department, as well as assistance in claims processing and
 39 program monitoring, the local governmental agencies
 40 shall cover the costs of the administrative activities



1 performed by the department. Each local governmental
2 agency shall annually pay a portion of the total costs of
3 administrative activities performed by the department
4 through a mechanism agreed to by the department and
5 the local governmental agencies, or if no agreement is
6 reached by August 1 of each year, directly to the state.
7 The department shall determine and report the staffing
8 requirements upon which projected costs will be based.
9 Projected costs shall include the anticipated salaries,
10 benefits, and operating expenses necessary to administer
11 targeted case management.

12 (o) For the purposes of this section a “local
13 governmental agency” means a county or chartered city.

14 *SEC. 4. Section 14132.90 of the Welfare and
15 Institutions Code is amended to read:*

16 14132.90. (a) As of September 15, 1995, day care
17 habilitative services, pursuant to subdivision (c) of
18 Section 14021 shall be provided only to alcohol and drug
19 exposed pregnant women and women in the postpartum
20 period, *or as required by federal law.*

21 (b) (1) Notwithstanding any other provision of law,
22 except to the extent required by federal law, outpatient
23 drug abuse services, as described in Section 14021, shall
24 not be benefits under this chapter as of July 1, 1996, if the
25 projected costs for those outpatient drug abuse services
26 for the 1995–96 fiscal year as of May 15, 1996, exceed sixty
27 million dollars (\$60,000,000) in state General Fund
28 moneys.

29 (2) Notwithstanding paragraph (1), outpatient
30 methadone maintenance and Naltrexone shall remain
31 benefits under this chapter.

32 (3) Notwithstanding paragraph (1), residential care,
33 outpatient drug free services, and day care habilitative
34 services, for alcohol and drug exposed pregnant women
35 and women in the postpartum period shall remain
36 benefits under this chapter.

37 *SEC. 5. Section 16 of Chapter 305 of the Statutes of
38 1995 is amended to read:*

39 SEC. 16. The Legislature finds and declares all of the
40 following:



1 (a) It is in the best interest of the state to ensure that
2 Medi-Cal patients receive high quality health care in
3 settings that are consistent with their medical needs,
4 rehabilitative needs, or both, and that are as cost-effective
5 as possible.

6 (b) Health care facilities, in addition to general acute
7 care hospitals, are available that can provide high quality
8 inpatient medical or rehabilitative care of short-term
9 duration to clinically stable Medi-Cal patients.

10 (c) It is in the best interest of the state for the State
11 Department of Health Services to establish a
12 cost-effective, transitional inpatient care program for
13 Medi-Cal patients meeting criteria to be specified in
14 regulation, that can be provided in various settings,
15 meeting criteria specified in regulation, that will be
16 coordinated with any other medically necessary services,
17 and that will be reimbursed at the transitional inpatient
18 care rate.

19 (d) It is the intent of the Legislature in establishing a
20 cost-effective transitional inpatient care program for
21 Medi-Cal patients, that this program ensure quality
22 patient care and adequate patient protections directed
23 toward maximizing patients' potential for good health,
24 independence, and productivity.

25 (e) *This section shall remain in effect only until*
26 *January 1, 2000, and as of that date is repealed, unless a*
27 *later enacted statute, that is enacted on or before January*
28 *1, 2000, deletes or extends that date.*

29 *SEC. 6. Section 23 of Chapter 305 of the Statute of*
30 *1995 is amended to read:*

31 SEC. 23. (a) ~~The~~—*Subject to the requirements of*
32 *Section 14132.06 of the Welfare and Institutions Code, the*
33 *State Department of Health Services shall adopt*
34 *emergency regulations to authorize local educational*
35 *agencies to bill the Medi-Cal Program for services*
36 *provided by credentialed professionals, under the*
37 *supervision of a licensed health professional to eligible*
38 *special education pupils pursuant to an approved*
39 *individualized education plan.*



1 (b) Subdivision (a) shall not be implemented unless
2 matching funds from Title XIX of the federal Social
3 Security Act (42 U.S.C. Sec. 1396 et seq.) are available.

4 *SEC. 7. This act is an urgency statute necessary for the*
5 *immediate preservation of the public peace, health, or*
6 *safety within the meaning of Article IV of the*
7 *Constitution and shall go into immediate effect. The facts*
8 *constituting the necessity are:*

9 *In order to ensure that essential changes are made in*
10 *health services programs, at the earliest possible time, it*
11 *is necessary that this act go into immediate effect.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Senate July 26, 1995 (JR 11)**

