

AMENDED IN SENATE SEPTEMBER 11, 1997

AMENDED IN SENATE JULY 9, 1997

AMENDED IN SENATE JUNE 18, 1997

AMENDED IN ASSEMBLY APRIL 21, 1997

AMENDED IN ASSEMBLY APRIL 7, 1997

AMENDED IN ASSEMBLY MARCH 31, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 217

Introduced by Assembly Members ~~Firestone, Lempert, Papan, and Thomson~~

~~(Coauthors: Senators O'Connell, Sher, and Thompson)~~ **Member Figueroa**

February 4, 1997

An act to ~~amend Sections 14087.5 and 14499.5~~ *repeal and add Section 14005.23* of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 217, as amended, ~~Firestone~~ *Figueroa*. Medi-Cal.

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.

SB 903 would, if enacted, provide for purposes of Medi-Cal eligibility, that to the extent that federal financial



participation is available, the department shall disregard all family income up to 100% of the federal income poverty level for the size of the family and adopt a birth date earlier than September 30, 1983, so that the age requirement is met for those who have not yet attained the age of 19 years.

This bill would repeal this provision, and would, instead, require the department in determining Medi-Cal eligibility for children under a specified federal provision, to the extent that federal financial participation is available, to designate a birth date by which all children who have not attained the age of 19 years will meet the age requirement for eligibility under that federal provision.

Because the bill would impose various duties on counties, and because the bill would increase county responsibilities with respect to determining eligibility for Medi-Cal benefits, it would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would provide that it would become operative only if SB 903 is enacted during 1997.

~~Existing law permits the State Department of Health Services to enter into a contract with the Santa Barbara Regional Health Authority for the implementation of a pilot program for the provision of Medi-Cal benefits.~~

~~Existing law also specifies that California Children's Services (CCS) program services shall not be incorporated into any Medi-Cal managed care contract entered into after August 1, 1994, until 3 years after the effective date of the contract.~~

~~This bill would specify that any renewal or extension of a contract, successive contract, or geographic expansion under~~



~~a contract entered into by a county health system or the Santa Barbara Regional Health Authority shall not be considered a Medi-Cal managed care contract if the original contract was entered into on or before May 1, 1994, the contract incorporates CCS services, reimbursement of CCS eligible conditions are consistent with statewide requirements, the county has entered into a specified agreement or memorandum of understanding with the CCS program, and the CCS program retains case management services for CCS eligible children for CCS eligible conditions, provided the case management is consistent with CCS statutes, regulations, standards, and guidelines for case management of those conditions.~~

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

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

1 ~~SECTION 1.—The Legislature finds and declares the~~
2 ~~SECTION 1. Section 14005.23 of the Welfare and~~
3 ~~Institutions Code, as added by Senate Bill 903 of the~~
4 ~~1997–98 Regular Session, is repealed.~~
5 ~~14005.23. To the extent federal financial participation~~
6 ~~is available, the department shall implement the~~
7 ~~following options when determining eligibility for~~
8 ~~qualified children under Section 1905(n)(2) of the~~
9 ~~federal Social Security Act (42 U.S.C. Sec. 1396d(n)(2)):~~
10 ~~(a) Disregard all family income up to 100 percent of~~
11 ~~the federal poverty level for the size of the family.~~
12 ~~(b) Adopt a birth date earlier than September 30, 1983,~~
13 ~~as permitted by 42 U.S.C. 1396d(n)(2), so that the age~~
14 ~~requirement is met for those who have not yet attained~~
15 ~~the age of 19 years.~~
16 ~~SEC. 2. Section 14005.23 is added to the Welfare and~~
17 ~~Institutions Code, to read:~~
18 ~~14005.23. To the extent federal financial participation~~
19 ~~is available, the department shall, when determining~~
20 ~~eligibility for children under Section 1396a(l)(1)(D) of~~
21 ~~Title 42 of the United States Code, designate a birth date~~
22 ~~by which all children who have not attained the age of 19~~



1 years will meet the age requirement of Section
2 1396a(1)(1)(D) of Title 42 of the United States Code.

3 SEC. 3. Notwithstanding Section 17610 of the
4 Government Code, if the Commission on State Mandates
5 determines that this act contains costs mandated by the
6 state, reimbursement to local agencies and school
7 districts for those costs shall be made pursuant to Part 7
8 (commencing with Section 17500) of Division 4 of Title
9 2 of the Government Code. If the statewide cost of the
10 claim for reimbursement does not exceed one million
11 dollars (\$1,000,000), reimbursement shall be made from
12 the State Mandates Claims Fund.

13 Notwithstanding Section 17580 of the Government
14 Code, unless otherwise specified, the provisions of this act
15 shall become operative on the same date that the act
16 takes effect pursuant to the California Constitution.

17 SEC. 4. It is the intent of Section 2 of this act to clarify
18 the meaning of Section 14005.23 of the Welfare and
19 Institutions Code, as added by Senate Bill 903.

20 SEC. 5. This act shall become operative only if Senate
21 Bill 903 is chaptered during 1997.

22 following:

23 ~~(a) The Santa Barbara Regional Health Authority, as~~
24 ~~the administrator of the Medi-Cal program in Santa~~
25 ~~Barbara County since 1983, and the Health Plan of San~~
26 ~~Mateo, as the administrator of the Medi-Cal program in~~
27 ~~San Mateo County since 1987, have both been recognized~~
28 ~~as national models for the effective and innovative~~
29 ~~administration of medicaid managed care. The Solano~~
30 ~~Partnership Healthplan, as the administrator of the~~
31 ~~Medi-Cal program in Solano County since 1994, has~~
32 ~~established a similar record of success since its inception.~~

33 ~~(b) The California Children's Services program has~~
34 ~~been included in all three programs since their inception;~~
35 ~~and the program has benefited from innovations,~~
36 ~~efficiencies, and local administration provided by these~~
37 ~~programs.~~

38 ~~(c) As the Santa Barbara Regional Health Authority's~~
39 ~~success and viability has been demonstrated for over 14~~
40 ~~years, as has the Health Plan of San Mateo over 10 years,~~



1 and the Solano Partnership Healthplan over three years,
2 it was never the intent of the Legislature to apply Section
3 14094.3 of the Welfare and Institutions Code, effecting
4 the incorporation of the California Children's Services
5 program into new Medi-Cal managed care plans, to these
6 programs.

7 SEC. 2. Section 14087.5 of the Welfare and Institutions
8 Code is amended to read:

9 14087.5. (a) The California Medical Assistance
10 Commission may negotiate exclusive contracts with any
11 county which seeks to provide, or arrange for the
12 provision of the health care services provided under this
13 chapter. The California Medical Assistance Commission
14 shall establish regulations concerning the time for
15 submittal of proposed plans for a contract by a county,
16 and for the time by which the California Medical
17 Assistance Commission shall decide whether or not to
18 accept the county's proposal.

19 (b) The department shall seek all federal waivers
20 necessary to allow for federal financial participation in
21 expenditures under this article. This article shall not be
22 implemented until all necessary waivers have been
23 approved by the federal government.

24 (c) Any renewal or extension of a contract, successive
25 contract, or geographic expansion under a contract made
26 pursuant to this section shall not be considered a Medi-Cal
27 managed care contract entered into on or after August 1,
28 1994, for the purposes of Section 14094.3, if all of the
29 following apply:

30 (1) The original contract was entered into on or before
31 May 1, 1994.

32 (2) The original contract, any extension or renewal,
33 any successive contract, and any geographic expansion
34 under a contract incorporates California Children
35 Services program services.

36 (3) Reimbursement of California Children's Services
37 eligible conditions are consistent with statewide
38 California Children's Services program requirements.

39 (4) The county has entered into an agreement or
40 memorandum of understanding with the California



1 ~~Children’s Services program concerning the provision of~~
2 ~~services covered under the California Children’s Services~~
3 ~~program.~~

4 ~~(d) The California Children’s Services program shall~~
5 ~~retain case management services for California~~
6 ~~Children’s Services eligible children for California~~
7 ~~Children’s Services eligible conditions, provided the case~~
8 ~~management services shall be consistent with California~~
9 ~~Children’s Services statutes, regulations, standards, and~~
10 ~~guidelines for case management of these conditions.~~
11 ~~California Children’s Services case management shall be~~
12 ~~fully coordinated with the County Organized Health~~
13 ~~System and shall not limit the flexibility of the local health~~
14 ~~department or the County Organized Health System to~~
15 ~~improve services to this population.~~

16 ~~SEC. 3. Section 14499.5 of the Welfare and Institutions~~
17 ~~Code is amended to read:~~

18 ~~14499.5. (a) (1) In carrying out the intent of this~~
19 ~~article, the director shall contract for the operation of one~~
20 ~~local pilot program. Special consideration shall be given~~
21 ~~to approving a program contracted through county~~
22 ~~government in Santa Barbara County.~~

23 ~~(2) Notwithstanding the limitations contained in~~
24 ~~Section 14490, the director may enter into, or extend,~~
25 ~~contracts with the local pilot program in Santa Barbara~~
26 ~~County pursuant to paragraph (1) for periods that do not~~
27 ~~exceed three years.~~

28 ~~(b) The establishment of a pilot program pursuant to~~
29 ~~this section shall be contingent upon the availability of~~
30 ~~state and federal funding. The program shall include the~~
31 ~~following components:~~

32 ~~(1) Local authority for administration, fiscal~~
33 ~~management, and delivery of services, but not including~~
34 ~~eligibility determination.~~

35 ~~(2) Physician case management.~~

36 ~~(3) Cost containment through provider incentives~~
37 ~~and other means.~~

38 ~~(c) The program for the pilot project shall include a~~
39 ~~plan and budget for delivery of services, administration,~~
40 ~~and evaluation. During the first year of the pilot program,~~



1 ~~the amount of the state contract shall equal 95 percent of~~
2 ~~total projected Medi-Cal expenditures for delivery of~~
3 ~~services and for administration based on fee-for-service~~
4 ~~conditions in the program county. During the remaining~~
5 ~~years of the pilot project Medi-Cal expenditures in the~~
6 ~~program county shall be no more than 100 percent of total~~
7 ~~projected expenditures for delivery of services and for~~
8 ~~administration based on any combination of the following~~
9 ~~paragraphs:~~

10 ~~(1) Relevant prior fee-for-service Medi-Cal~~
11 ~~experience in the program county.~~

12 ~~(2) The fee-for-service Medi-Cal experience in~~
13 ~~comparable counties or groups of counties.~~

14 ~~(3) Medi-Cal experience of the pilot project in the~~
15 ~~program county if, as determined by the department, the~~
16 ~~scope, level, and duration of, and expenditures for, any~~
17 ~~services used in setting the rates under this paragraph~~
18 ~~would be comparable to fee-for-service conditions were~~
19 ~~they to exist in the program county and would be more~~
20 ~~actuarially reliable for use in ratesetting than data~~
21 ~~available for use in applying paragraph (1) or (2).~~

22 ~~The projected total expenditure shall be determined~~
23 ~~annually according to an acceptable actuarial process.~~
24 ~~The data elements used by the department shall be~~
25 ~~shared with the proposed contractor.~~

26 ~~(d) The director shall accept or reject the proposal~~
27 ~~within 30 days after the date of receipt. If a decision is~~
28 ~~made to reject the proposal, the director shall set forth the~~
29 ~~reasons for this decision in writing. Upon approval of the~~
30 ~~proposal, a contract shall be written within 60 days. After~~
31 ~~signature by the local contractor, the State Department~~
32 ~~of Health Services, the Department of General Services,~~
33 ~~and the Department of Finance shall execute the~~
34 ~~contract within 60 days.~~

35 ~~(e) The director shall seek the necessary state and~~
36 ~~federal waivers to enable operation of the program. If the~~
37 ~~federal waivers for delivery of services under this plan are~~
38 ~~not granted, the department is under no obligation to~~
39 ~~contract for implementation of the program.~~



1 ~~(f) For purposes of Section 1343 of the Health and~~
2 ~~Safety Code, the Santa Barbara Regional Health~~
3 ~~Authority shall be considered to be a county-operated~~
4 ~~pilot program contracting with the State Department of~~
5 ~~Health Services pursuant to this article, and~~
6 ~~notwithstanding any other provision of law, during the~~
7 ~~period that this contract is in effect, the contractor shall~~
8 ~~be exempt from the provisions of the Knox-Keene Health~~
9 ~~Care Service Plan Act of 1975, Chapter 2.2 (commencing~~
10 ~~with Section 1340) of Division 2 of the Health and Safety~~
11 ~~Code, relative to the services provided to Medi-Cal~~
12 ~~beneficiaries under the terms and provisions of the pilot~~
13 ~~program.~~

14 ~~(g) Dental services may be included within the~~
15 ~~services provided in this pilot program.~~

16 ~~(h) Any federal demonstration funding for this pilot~~
17 ~~program shall be made available to the county within 60~~
18 ~~days upon notification of the award without the state~~
19 ~~retaining any portion not previously specified in the grant~~
20 ~~application as submitted.~~

21 ~~(i) (1) (A) Commencing January 1, 1996, the~~
22 ~~California Medical Assistance Commission may negotiate~~
23 ~~exclusive contracts and rates on behalf of the department~~
24 ~~with the Santa Barbara Regional Health Authority in the~~
25 ~~implementation of this section.~~

26 ~~(B) Contracts entered into under this article may be~~
27 ~~on a noncompetitive bid basis and shall be exempt from~~
28 ~~Chapter 2 (commencing with Section 10290) of Part 2 of~~
29 ~~Division 2 of the Public Contract Code. These contracts~~
30 ~~shall have no force or effect unless approved by the~~
31 ~~Department of Finance.~~

32 ~~(C) The department shall enter into contracts~~
33 ~~pursuant to this article, and shall be bound by the terms~~
34 ~~and conditions related to the rates negotiated by the~~
35 ~~negotiator.~~

36 ~~(2) The department shall implement this subdivision~~
37 ~~to the extent that the following apply:~~

38 ~~(A) Its implementation does not revise the status of~~
39 ~~the pilot program as a federal demonstration project.~~



1 ~~(B) Existing federal waivers apply to the pilot~~
2 ~~program as revised by this subdivision, or the federal~~
3 ~~government extends the applicability of the existing~~
4 ~~federal waivers or authorizes additional federal waivers~~
5 ~~for the implementation of the program.~~

6 ~~(3) The implementation of this subdivision shall not~~
7 ~~affect the pilot program's having met any of the~~
8 ~~requirements of Part 3.5 (commencing with Section~~
9 ~~1175) of Division 1 of the Health and Safety Code and this~~
10 ~~division applicable to the pilot program with respect to~~
11 ~~the negotiations of contracts and rates by the~~
12 ~~department.~~

13 ~~(j) An independent evaluation of the program shall~~
14 ~~be conducted and a report submitted to the Legislature~~
15 ~~and the director by January 1, 1988. The independent~~
16 ~~evaluation of the program commissioned by the federal~~
17 ~~Health Care Financing Administration may fulfill the~~
18 ~~purposes of this part. This evaluation and report shall~~
19 ~~include, but is not limited to, the following:~~

20 ~~(1) An assessment of the cost of medical services as~~
21 ~~compared to the cost of the existing Medi-Cal~~
22 ~~fee for service delivery mode.~~

23 ~~(2) An assessment of utilization levels of specialist and~~
24 ~~emergency services.~~

25 ~~(3) An assessment of the quality of care.~~

26 ~~(4) Recommendations for future policy on delivery of~~
27 ~~services.~~

28 ~~(k) Any renewal or extension of a contract, successive~~
29 ~~contract, or geographic expansion under a contract made~~
30 ~~pursuant to this section shall not be considered a Medi-Cal~~
31 ~~managed care contract entered into on or after August 1,~~
32 ~~1994, for the purposes of Section 14094.3, if all of the~~
33 ~~following apply:~~

34 ~~(1) The original contract was entered into on or before~~
35 ~~May 1, 1994.~~

36 ~~(2) The original contract, any extension or renewal,~~
37 ~~any successive contract, and any geographic expansion~~
38 ~~under a contract incorporates California Children~~
39 ~~Services program services.~~



1 ~~(3) Reimbursement of California Children's Services~~
2 ~~eligible conditions are consistent with statewide~~
3 ~~California Children's Services program requirements.~~

4 ~~(4) The county has entered into an agreement or~~
5 ~~memorandum of understanding with the California~~
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7 ~~services covered under the California Children's Services~~
8 ~~program.~~

9 ~~(f) The California Children's Services program shall~~
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13 ~~management is consistent with California Children's~~
14 ~~Services statutes, regulations, standards, and guidelines~~
15 ~~for case management of these conditions. California~~
16 ~~Children's Services case management shall be fully~~
17 ~~coordinated with the Santa Barbara Regional Health~~
18 ~~Authority and shall not limit the flexibility of the local~~
19 ~~health department or the authority to improve services~~
20 ~~to this population.~~

