

AMENDED IN SENATE AUGUST 28, 1997

AMENDED IN SENATE JULY 11, 1997

AMENDED IN SENATE JUNE 26, 1997

AMENDED IN ASSEMBLY JUNE 4, 1997

AMENDED IN ASSEMBLY MAY 22, 1997

AMENDED IN ASSEMBLY MAY 20, 1997

AMENDED IN ASSEMBLY MAY 7, 1997

CALIFORNIA LEGISLATURE—1997-98 REGULAR SESSION

ASSEMBLY BILL

No. 1337

Introduced by Assembly Member Shelley

February 28, 1997

An act to add Section ~~14087.326~~ *14087.329* to the Welfare and Institutions Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1337, as amended, Shelley. 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.

Existing law contains provisions relating to the use of federally qualified health centers for the provision of services under commercial plans and local initiatives contracting with the department to provide Medi-Cal services.

This bill would permit the State Department of Health Services to establish not more than 2 pilot programs for reimbursement methodologies for federally qualified health centers.

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

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

1 SECTION 1. Section ~~14087.326~~ 14087.329 is added to
2 the Welfare and Institutions Code, to read:
3 ~~14087.326.—~~
4 14087.329. (a) The department may establish, for
5 local initiative and for commercial plans, that are
6 providing services to Medi-Cal beneficiaries under a
7 two-plan model contract with the department, not more
8 than two pilot programs for the establishment of
9 reimbursement methodologies. The reimbursement
10 methodologies shall not be limited to those provided in
11 Section 14087.325. The pilot programs may be
12 implemented by amendment to the contract between
13 the department and the local initiative or commercial
14 plan. The department may select the pilot program
15 county or counties on a nonbid basis. The selected
16 counties shall include one county with a sizable number
17 of entities defined in Section 1396d(l)(2)(B) of Title 42
18 of the United States Code. The department shall *review*
19 *each pilot program annually. Following the review, and*
20 *notwithstanding any determination made pursuant to*
21 *subdivision (d), the department shall terminate a pilot*
22 *program established under this section and shall delete*
23 *amendments made to the contract implementing the*
24 *pilot program if the department determines that the pilot*
25 *program creates any additional cost to the General Fund.*
26 *The department may also terminate a pilot program*
27 *based upon criteria specified in the department's*
28 *contract establishing the pilot program.* The department
29 shall provide the local initiative and commercial plan
30 with notice of the department's decision to terminate the
31 pilot program for this reason at least 90 days prior to the



1 termination date of the pilot program and deletion of the
2 contract amendments.

3 *(b) Each local initiative and commercial plan*
4 *participating in a pilot program under this section shall*
5 *make available to the department any and all financial,*
6 *membership, utilization, and other information*
7 *reasonably required by the department to conduct the*
8 *annual review described in subdivision (a). The*
9 *information may include, but is not limited to, the*
10 *financial or other records of participating providers. The*
11 *amendment to the contract between the local initiative*
12 *or commercial plan and the department establishing the*
13 *pilot program shall specify a reasonable timeframe in*
14 *which the commercial plan or local initiative shall furnish*
15 *records to the department pursuant to the request of the*
16 *department.*

17 *(c) In assessing whether the pilot program creates any*
18 *additional cost to the General Fund, as described in*
19 *subdivision (a), the department shall specifically*
20 *consider all of the following factors, and may consider*
21 *additional factors:*

22 *(1) Increases in the number of Medi-Cal beneficiaries*
23 *assigned by the plan to cost-based primary care providers.*
24 *To enable the department to evaluate these factors, the*
25 *department may include in the contract amendments*
26 *establishing the pilot program a requirement that*
27 *contractors shall periodically report data regarding the*
28 *number of plan members assigned to each cost-based*
29 *primary care provider in the plan's network.*

30 *(2) Expansions in the services provided by providers*
31 *entitled to cost-based reimbursement under the*
32 *Medi-Cal program.*

33 *(3) Medi-Cal caseload or plan membership growth.*

34 *(4) Inflation or other reasonable costs of provider*
35 *operations.*

36 *(5) The necessity for a plan to assign plan members to*
37 *specific primary care providers to meet all of the*
38 *following requirements:*

39 *(A) Medi-Cal contract requirements for access to care.*



1 (B) Unique Medi-Cal member cultural and linguistic
2 needs.

3 (C) Unique member needs for age-appropriate,
4 gender-appropriate, or pregnancy care requirements.

5 (d) The pilot program shall be deemed to be successful
6 if the alternative reimbursement methodologies tested
7 result in no additional cost to the General Fund as
8 described in subdivision (c), and the local initiatives,
9 commercial plans, and federally qualified health centers
10 participating in the pilot program agree to accept full
11 financial risk for the scope of services provided by the
12 federally qualified health centers during the final year of
13 the pilot program.

