

Assembly Bill No. 2617

Passed the Assembly May 30, 2000

Chief Clerk of the Assembly

Passed the Senate July 6, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Section 124870 of the Health and Safety Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 2617, Aanestad. Medi-Cal reimbursement: small and rural hospitals.

Existing law requires the State Department of Health Services to adopt regulations that will provide for an increase in reimbursement rates for outpatient services rendered to Medi-Cal patients by small and rural hospitals, as defined, and specifies that the amount of the rate increase shall be allocated according to a specified formula, including provision for a separate percentage increase calculated for minimum floor and nonminimum floor hospitals based on the ratio of each small and rural hospitals' Medi-Cal outpatient payments to the total of all small and rural hospitals' Medi-Cal outpatient payments during the preceding calendar year, as determined by the department.

This bill would revise the definition of minimum floor hospital and nonminimum floor hospital for these purposes.

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

SECTION 1. Section 124870 of the Health and Safety Code is amended to read:

124870. (a) The department shall adopt regulations that will provide for an increase in reimbursement rates for outpatient services rendered to Medi-Cal patients by small and rural hospitals, as defined in Section 124840, over and above those reimbursement rates specified in Section 51509 of the California Code of Regulations. The amount of this increase shall be governed by the funding allocated for this specific purpose in the Budget Act, or in another specific appropriation measure.



(b) The rate adjustment authorized by subdivision (a) shall be allocated to eligible hospitals as follows:

(1) A separate percentage increase shall be calculated for minimum floor and nonminimum floor hospitals based on the ratio of each small and rural hospitals' Medi-Cal outpatient payments to the total of all small and rural hospitals' Medi-Cal outpatient payments during the preceding calendar year, as determined by the department. The percentage rate increase for minimum floor hospitals shall be 125 percent of the rate increase percentage calculated for nonminimum floor hospitals. The combined rate increases for minimum floor and nonminimum floor hospitals shall not exceed the funds appropriated for this purpose.

(2) For purposes of this section, "minimum floor hospital" means a hospital (A) where Medi-Cal payments for outpatient services during the preceding calendar year were less than $\frac{1}{2}$ percent of the total of Medi-Cal payments for outpatient services rendered by all small and rural hospitals during that period and (B) where the total gross patient revenue from all sources during that period was less than ten million dollars (\$10,000,000).

(3) For purposes of this section, "nonminimum floor hospital" means a hospital (A) where Medi-Cal payments for outpatient services during the preceding calendar year equaled or exceeded $\frac{1}{2}$ percent or of the total of Medi-Cal payments for outpatient services rendered by all small and rural hospitals during that period or (B) where the total gross patient revenue from all sources during that period was ten million dollars (\$10,000,000) or more.

(c) For the purpose of calculating the percentage increase, if any eligible hospital had less than a full year of operation upon which to determine the ratio of Medi-Cal expenditures as defined in paragraph (1) of subdivision (b), the department shall extrapolate the Medi-Cal paid claims expenditures for that hospital to estimate a full year's Medi-Cal claims expenditure.



(d) Payment under this section shall be contingent upon submission of approved claims for Medi-Cal outpatient services rendered after January 1, 1989.

(e) The Director of Health Services shall adopt emergency regulations pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code to implement the rate adjustments required under this section. The adoption of these regulations shall be deemed an emergency and necessary for the immediate preservation of the public peace, health, or safety. Notwithstanding any provision of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, emergency regulations adopted by the department to implement the rate adjustments required under this section shall not be subject to any review, approval, or disapproval by the Office of Administrative Law at any stage of the rulemaking process. These regulations shall become effective immediately upon their filing with the Secretary of State.

(f) Notwithstanding any other provision of law, reimbursement rates adopted pursuant to this section shall not exceed the hospital's usual and customary charges for services rendered.

(g) The department shall maximize federal financial participation in implementing this section.

(h) This section shall become operative July 1, 1989.



Approved _____, 2000

Governor

