

AMENDED IN ASSEMBLY AUGUST 23, 1999  
AMENDED IN ASSEMBLY AUGUST 17, 1999  
AMENDED IN ASSEMBLY JULY 7, 1999  
AMENDED IN ASSEMBLY MAY 18, 1999  
AMENDED IN SENATE APRIL 26, 1999

**SENATE BILL**

**No. 856**

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**Introduced by Senator Brulte  
(Coauthor: Senator Johnston)**  
*(Coauthors: Assembly Members Cox, Pescetti, and  
Thomson)*

February 25, 1999

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An act to amend Sections 14087.46 and 14089 of, to add Section 14089.9 to, and to add and repeal Sections 14080 and 14080.1 of, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 856, as amended, Brulte. Medi-Cal: reimbursement: dental services.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. Existing law requires the Director of Health Services to establish a statewide, uniform schedule for reimbursing physician services to Medi-Cal patients.

The existing Medi-Cal Act authorizes the director to contract with any qualified individual, organization, or entity to provide services to, arrange for, or case manage the care of Medi-Cal beneficiaries, and requires the director to implement a dental managed care program, in accordance with specified provisions. Existing law also provides for the establishment of a comprehensive program of managed health care plan services to Medi-Cal recipients residing in clearly defined geographical areas.

This bill would require the department to implement a pilot project in which the director may require any Medi-Cal provider of dental services, when the provider requests reimbursement for restorative dental services performed on ~~an unspecified number of 6~~ teeth during one visit for a specific beneficiary, to include documentation in the form of pretreatment radiographs or copies thereof for that beneficiary with the posttreatment claim. The bill would also specify the use and rate of reimbursement for those pretreatment radiographs or copies thereof.

The bill would also provide that, with implementation of the pilot project, the Director of Health Services may also require any Medi-Cal provider of dental services to provide pretreatment radiographs with the claim when the provider requests reimbursement for restorative dental services for a beneficiary who had previous restorative work done on more than 10 teeth in the preceding 6 months.

This bill would require the director to implement a pilot project to reduce fraud in the provision of dental services in the Medi-Cal program and would specify that as part of the program the director may request any patient receiving Medi-Cal dental services to visit another dentist for a review of dental services previously provided.

The bill would authorize the director to reimburse the patient for expenses incurred as a result of the pilot project in an amount not to exceed \$25.

The bill would require the department to evaluate the pilot projects and report to the appropriate committees of the Legislature by ~~January 1, 2002~~ *December 31, 2001*. The bill would specify that the above provisions shall remain in effect until January 1, 2002.



This bill would also make the implementation of a dental managed care program discretionary, and would require the department to make fee-for-service dental care available as an option to Medi-Cal beneficiaries when the department enters into a contract for dental managed care services in any county other than Sacramento County. The bill would further require the department, in consultation with an independent entity, to evaluate the Sacramento County geographic managed care provision of dental services, and report its findings to the Legislature by January 1, 2001, in accordance with criteria specified in the bill. The bill would ~~prohibit the authorization or administration of dental services, as defined, pursuant to the geographic managed care pilot project, beginning January 1, 2003~~ provide, beginning January 1, 2003, that fee-for-service dental care services and dental managed care services may be options for Medi-Cal beneficiaries in Sacramento County.

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. (a) It is the intent of the Legislature to  
 2 reduce fraud in the provision of dental services in the  
 3 Medi-Cal dental program.

4 (b) The Legislature finds and declares all of the  
 5 following:

6 (1) A reduction in fraud may be achieved by providing  
 7 reasonable reimbursement for expenses incurred by  
 8 patients who can corroborate care provided by dentists  
 9 who have made potentially fraudulent reimbursement  
 10 claims for dental services.

11 (2) The expense of transportation, dependent care,  
 12 and lost wages for patients who visit another dentist for  
 13 an exploratory examination is an impediment to  
 14 recruiting patients to identify fraud in the program.

15 SEC. 2. Section 14080 is added to the Welfare and  
 16 Institutions Code, to read:

17 14080. (a) The department shall implement a pilot  
 18 project in which the director may, in the implementation



1 of the pilot project, require any Medi-Cal provider of  
2 dental services, when the provider requests  
3 reimbursement for restorative dental services performed  
4 on more than 6 teeth during one visit for a specific  
5 beneficiary, to include documentation in the form of  
6 pretreatment radiographs for that beneficiary with the  
7 posttreatment claim.

8 (b) The director may also require any Medi-Cal  
9 provider of dental services to provide pretreatment  
10 radiographs with the posttreatment claim when the  
11 provider requests reimbursement for restorative dental  
12 services for a beneficiary who had previous restorative  
13 work done on more than 10 teeth in the preceding six  
14 months.

15 (c) Pretreatment radiographs or copies thereof  
16 submitted pursuant to subdivisions (a) and (b) shall be  
17 used solely for the purpose of identifying the existence of  
18 fraudulent patterns of practice, and shall not be used to  
19 deny initial payment of the submitted claim.

20 (d) Reimbursement shall be provided for all  
21 pretreatment radiographs or copies thereof.

22 (e) This section shall remain in effect only until  
23 January 1, 2002, and as of that date is repealed, unless a  
24 later enacted statute, that is enacted before January 1,  
25 2002, deletes or extends that date.

26 SEC. 3. Section 14080.1 is added to the Welfare and  
27 Institutions Code, to read:

28 14080.1. (a) (1) The department shall implement a  
29 pilot project to reduce fraud in the provision of dental  
30 services in the Medi-Cal program.

31 (2) In the implementation of the pilot project  
32 required by paragraph (1), the director may request any  
33 patient receiving Medi-Cal dental services to visit  
34 another dentist for a review of dental services previously  
35 provided.

36 (3) The director may reimburse the patient for  
37 expenses incurred pursuant to paragraph (2) in an  
38 amount not to exceed twenty-five dollars (\$25) per visit.

39 (b) The department shall evaluate the pilot project  
40 and report to the appropriate committees of the



1 Legislature by December 31, 2001, on the effectiveness of  
2 the submittal or pretreatment X-rays and the patient  
3 reimbursement program in reducing fraud in the dental  
4 services component of the Medi-Cal program, as well as  
5 any impact on access to services or provider participation.

6 (c) This section shall remain in effect only until  
7 January 1, 2002, and as of that date is repealed, unless a  
8 later enacted statute, that is enacted before January 1,  
9 2002, deletes or extends that date.

10 SEC. 4. Section 14087.46 of the Welfare and  
11 Institutions Code is amended to read:

12 14087.46. (a) The department may implement a  
13 dental managed care program for Medi-Cal beneficiaries  
14 to achieve major cost savings, while ensuring access and  
15 quality of care, pursuant to this section.

16 (b) The department shall issue a request for proposals  
17 and award contracts on a competitive basis to one or more  
18 dental health care service contractors licensed pursuant  
19 to the Knox-Keene Health Care Service Act of 1975  
20 (Chapter 2.2 (commencing with Section 1340) of  
21 Division 2 of the Health and Safety Code) in each county  
22 or region that the department determines to be feasible.  
23 The department may contract with county organized  
24 health systems.

25 (c) To ensure access and continuity of care, the  
26 department shall award contracts only to plans that agree  
27 to negotiate in good faith and subcontract with any  
28 provider who agrees to provide dental services to  
29 Medi-Cal beneficiaries at a reimbursement rate  
30 comparable to that paid by the plan to other participating  
31 providers. Plans shall contract whenever feasible with  
32 traditional and safety net providers of dental services to  
33 Medi-Cal beneficiaries. In evaluating the plans, the  
34 department shall assign favorable weighting to  
35 contractors that include traditional and safety net  
36 providers.

37 (d) The department shall implement a process to  
38 inform all Medi-Cal beneficiaries of their choices of  
39 participating dentists and to allow a beneficiary to chose  
40 or change his or her participating dentist.



1 (e) If the department enters into a contract for dental  
2 managed care services in a county other than Sacramento  
3 County, fee-for-service dental care shall remain an option  
4 for beneficiaries.

5 (f) The department shall require all participating  
6 plans to provide, at a minimum, the full scope of dental  
7 benefits pursuant to state and federal law.

8 (g) In order to achieve maximum cost savings, the  
9 Legislature hereby determines that an expedited  
10 contract process for contracts under this section is  
11 necessary. Therefore, contracts under this section shall be  
12 exempt from the Public Contract Code.

13 (h) Medi-Cal beneficiaries shall be able to receive  
14 their dental care from federally qualified health centers  
15 and rural health clinics certified pursuant to Public Law  
16 95-210 that provide dental care in their service area. At  
17 the time of informing the Medi-Cal beneficiary of his or  
18 her choices of participating dentists, the beneficiary shall  
19 be informed of this option. Federally qualified health  
20 centers and rural health clinics shall continue to be  
21 reimbursed for dental services through the medical  
22 payment system in accordance with federal regulations.

23 (i) The department shall monitor the implementation  
24 of dental managed care, and for each of the first three  
25 years of implementation, shall annually evaluate the  
26 program on a county-by-county basis in terms of access,  
27 quality of care, and cost savings. The evaluation shall be  
28 provided to the Legislature within 120 days of the close  
29 of each of the three fiscal years.

30 (j) The department shall seek all federal waivers  
31 necessary to allow for federal financial participation in  
32 the program implemented pursuant to this section. This  
33 article shall not be implemented unless and until the  
34 director has executed a declaration, to be retained by the  
35 director, that approval of all necessary federal waivers  
36 have been obtained by the department.

37 SEC. 5. Section 14089 of the Welfare and Institutions  
38 Code is amended to read:

39 14089. (a) The purpose of this article is to provide a  
40 comprehensive program of managed health care plan



1 services to Medi-Cal recipients residing in clearly defined  
2 geographical areas. It is, further, the purpose of this  
3 article to create maximum accessibility to health care  
4 services by permitting Medi-Cal recipients the option of  
5 choosing from among two or more managed health care  
6 plans or fee-for-service managed care arrangements,  
7 including, but not limited to, health maintenance  
8 organizations, prepaid health plans, primary care case  
9 management plans. Independent practice associations,  
10 health insurance carriers, private foundations, and  
11 university medical centers systems, not-for-profit clinics,  
12 and other primary care providers, may be offered as  
13 choices to Medi-Cal recipients under this article if they  
14 are organized and operated as managed care plans, for  
15 the provision of preventive managed health care plan  
16 services.

17 (b) The negotiator may seek proposals and then shall  
18 contract based on relative costs, extent of coverage  
19 offered, quality of health services to be provided,  
20 financial stability of the health care plan or carrier,  
21 recipient access to services, cost-containment strategies,  
22 peer and community participation in quality control,  
23 emphasis on preventive and managed health care  
24 services and the ability of the health plan to meet all  
25 requirements for both of the following:

26 (1) Certification, where legally required, by the  
27 Commissioner of Corporations and the Insurance  
28 Commissioner.

29 (2) Compliance with all of the following:

30 (A) The health plan shall satisfy all applicable state and  
31 federal legal requirements for participation as a Medi-Cal  
32 managed care contractor.

33 (B) The health plan shall meet any standards  
34 established by the department for the implementation of  
35 this article.

36 (C) The health plan receives the approval of the  
37 department to participate in the pilot project under this  
38 article.

39 (c) (1) (A) The proposals shall be for the provision of  
40 preventive and managed health care services to specified



1 eligible populations on a capitated, prepaid or  
2 postpayment basis.

3 (B) Enrollment in a Medi-Cal managed health care  
4 plan under this article shall be voluntary for beneficiaries  
5 eligible for the federal Supplemental Security Income for  
6 the Aged, Blind, and Disabled Program (Subchapter 16  
7 (commencing with Section 1381) of Chapter 7 of Title 42  
8 of the United States Code).

9 (2) The cost of each program established under this  
10 section shall not exceed the total amount which the  
11 department estimates it would pay for all services and  
12 requirements within the same geographic area under the  
13 fee-for-service Medi-Cal program.

14 (d) The department shall enter into contracts  
15 pursuant to this article, and shall be bound by the rates,  
16 terms, and conditions negotiated by the negotiator.

17 (e) (1) An eligible beneficiary shall be entitled to  
18 enroll in any health care plan contracted for pursuant to  
19 this article that is in effect for the geographic area in  
20 which he or she resides. Enrollment shall be for a  
21 minimum of six months. Contracts entered into pursuant  
22 to this article shall be for at least one but no more than  
23 three years. The director shall make available to  
24 recipients information summarizing the benefits and  
25 limitations of each health care plan available pursuant to  
26 this section in the geographic area in which the recipient  
27 resides.

28 (2) No later than 30 days following the date a Medi-Cal  
29 or AFDC recipient is informed of the health care options  
30 described in paragraph (1) of subdivision (e), the  
31 recipient shall indicate his or her choice in writing of one  
32 of the available health care plans and his or her choice of  
33 primary care provider or clinic contracting with the  
34 selected health care plan.

35 (3) The health care options information described in  
36 paragraph (1) of subdivision (e) shall include the  
37 following elements:

38 (A) Each beneficiary or eligible applicant shall be  
39 provided with the name, address, telephone number, and  
40 specialty, if any, of each primary care provider, and each



1 clinic participating in each health care plan. This  
2 information shall be presented under geographic area  
3 designations in alphabetical order by the name of the  
4 primary care provider and clinic. The name, address, and  
5 telephone number of each specialist participating in each  
6 health care plan shall be made available by contacting the  
7 health care options contractor or the health care plan.

8 (B) Each beneficiary or eligible applicant shall be  
9 informed that he or she may choose to continue an  
10 established patient-provider relationship in a managed  
11 care option, if his or her treating provider is a primary  
12 care provider or clinic contracting with any of the health  
13 plans available and has the available capacity and agrees  
14 to continue to treat that beneficiary or eligible applicant.

15 (C) Each beneficiary or eligible applicant shall be  
16 informed that if he or she fails to make a choice, he or she  
17 shall be assigned to, and enrolled in, a health care plan.

18 (4) At the time the beneficiary or eligible applicant  
19 selects a health care plan, the department shall, when  
20 applicable, encourage the beneficiary or eligible  
21 applicant to also indicate, in writing, his or her choice of  
22 primary care provider or clinic contracting with the  
23 selected health care plan.

24 (5) Commencing with the implementation of a  
25 geographic managed care project in a designated county,  
26 a Medi-Cal or AFDC beneficiary who does not make a  
27 choice of health care plans in accordance with paragraph  
28 (2), shall be assigned to and enrolled in an appropriate  
29 health care plan providing service within the area in  
30 which the beneficiary resides.

31 (6) If a beneficiary or eligible applicant does not  
32 choose a primary care provider or clinic, or does not select  
33 any primary care provider who is available, the health  
34 care plan selected by or assigned to the beneficiary shall  
35 ensure that the beneficiary selects a primary care  
36 provider or clinic within 30 days after enrollment or is  
37 assigned to a primary care provider within 40 days after  
38 enrollment.

39 (7) Any Medi-Cal or AFDC beneficiary dissatisfied  
40 with the primary care provider or health care plan shall



1 be allowed to select or be assigned to another primary  
2 care provider within the same health care plan. In  
3 addition, the beneficiary shall be allowed to select or be  
4 assigned to another health care plan contracted for  
5 pursuant to this article that is in effect for the geographic  
6 area in which he or she resides in accordance with Section  
7 1903(m)(2)(F)(ii) of the Social Security Act.

8 (8) The department or its contractor shall notify a  
9 health care plan when it has been selected by or assigned  
10 to a beneficiary. The health care plan that has been  
11 selected or assigned by a beneficiary shall notify the  
12 primary care provider that has been selected or assigned.  
13 The health care plan shall also notify the beneficiary of  
14 the health care plan and primary care provider selected  
15 or assigned.

16 (9) This section shall be implemented in a manner  
17 consistent with any federal waiver that is required to be  
18 obtained by the department to implement this section.

19 (f) A participating county may include within the plan  
20 or plans providing coverage pursuant to this section,  
21 employees of county government, and others who reside  
22 in the geographic area and who depend upon county  
23 funds for all or part of their health care costs.

24 (g) The negotiator and the department shall establish  
25 pilot projects to test the cost-effectiveness of delivering  
26 benefits as defined in subdivisions (a) to (f), inclusive.

27 (h) The California Medical Assistance Commission  
28 shall evaluate the cost-effectiveness of these pilot projects  
29 after one year of implementation. Pursuant to this  
30 evaluation the commission may either terminate or  
31 retain the existing pilot projects.

32 (i) With respect to dental services, the department, in  
33 consultation with an independent entity, shall evaluate  
34 the Sacramento County geographic managed care  
35 provision of dental services and present a report to the  
36 Legislature on or before January 1, 2001, with respect to  
37 all of the following:

38 (1) Access to dental services in the Sacramento  
39 County geographic managed care pilot project as  
40 compared to the level of access in a Denti-Cal



1 fee-for-service county with demographics similar to  
2 Sacramento County.

3 (2) Cost-effectiveness of the program, including a  
4 comparison with the cost-effectiveness of the Denti-Cal  
5 fee-for-service program.

6 (3) Quality of dental care provided.

7 (j) Funds may be provided to prospective contractors  
8 to assist in the design, development, and installation of  
9 appropriate programs. The award of these funds shall be  
10 based on criteria established by the department.

11 (k) In implementing this article, the department may  
12 enter into contracts for the provision of essential  
13 administrative and other services. Contracts entered into  
14 under this subdivision may be on a noncompetitive bid  
15 basis and shall be exempt from Chapter 2 (commencing  
16 with Section 10290) of Part 2 of Division 2 of the Public  
17 Contract Code.

18 SEC. 6. Section 14089.9 is added to the Welfare and  
19 Institutions Code, to read:

20 14089.9. (a) Dental services shall be administered  
21 pursuant to this article until December 31, 2002.  
22 Beginning January 1, 2003, ~~no dental services shall be~~  
23 ~~authorized or administered pursuant to this article. For~~  
24 ~~purposes of this section, dental services are limited to~~  
25 ~~those services provided through a specialized health care~~  
26 ~~service plan that only provides dental services and that is~~  
27 ~~licensed under the Knox-Keene Health Care Service Plan~~  
28 ~~Act of 1975 (Chapter 2.2 (commencing with Section~~  
29 ~~1340) of Division 2 of the Health and Safety Code). In~~  
30 ~~order to ensure continuity of care, dental managed care~~  
31 ~~may remain an option for Medi-Cal beneficiaries~~  
32 ~~pursuant to Section 14087.46.~~

33 ~~(b) fee-for-service dental care services and dental~~  
34 ~~managed care services may be options for Medi-Cal~~  
35 ~~beneficiaries in Sacramento County pursuant to Section~~  
36 ~~14087.46.~~

37 (b) *It is the intent of the Legislature that on and after*  
38 *January 1, 2003, the State Department of Health Services*  
39 *continue to contract with those providers of dental*  
40 *managed care services in Sacramento County pursuant to*



1 *Section 14087.46 that have performed satisfactorily as*  
2 *determined by the department in accordance with the*  
3 *Sacramento County geographic managed care program*  
4 *in order to provide beneficiaries with continuity of*  
5 *coverage.*

6 (c) This section shall not apply to dental services  
7 authorized or administered pursuant to Section 14089.05.

8 SEC. 7. It is the intent of the Legislature that funding  
9 for implementation of Sections 2 and 3 of this act be  
10 achieved through cost savings realized in the reduction  
11 of fraud in the Medi-Cal program and therefore it is  
12 further the intent of the Legislature that no additional  
13 appropriation in the Budget Act or in any other statute is  
14 required.

