AMENDED IN SENATE JULY 23, 2009

AMENDED IN ASSEMBLY JUNE 1, 2009

AMENDED IN ASSEMBLY MAY 5, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 1076

Introduced by Assembly Member Jones
(Principal coauthor: Senator Alquist)

February 27, 2009

An act to amend Sections 14132.27 and 14133.10 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 1076, as amended, Jones. Medi-Cal.

Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which basic health care services are provided to qualified low-income persons.

Existing law requires the department to apply for a waiver of federal law to test the efficacy of providing a disease management benefit, as described, to specified beneficiaries under the Medi-Cal program. *Existing law permits the director, in undertaking this program, to enter into contracts for the purpose of directly providing specified services.*

This bill would add the designation of a primary care provider as a patient's medical home to the list of components that a disease management benefit would include for purposes of the waiver. *The bill would also specify that this component only apply to a contract entered into or renewed by the director after January 1, 2010.*

Existing law authorizes the director, in conducting Medi-Cal acute care inpatient hospital utilization controls, to establish a program of

aggressive case management of elective, nonemergency acute care hospital admissions.

This bill would, if the director has established a program of aggressive case management, require the director, on or after July 1, 2010, to expand the program to include Medi-Cal beneficiaries who meet prescribed conditions. *The bill would specify that the expansion would only be implemented to the extent that funds are appropriated by the Legislature, or are otherwise made available, for that purpose.*

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

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

SECTION 1. Section 14132.27 of the Welfare and Institutions Code is amended to read:

14132.27. (a) (1) The department shall apply for a waiver of federal law pursuant to Section 1396n of Title 42 of the United States Code to test the efficacy of providing a disease management benefit to beneficiaries under the Medi-Cal program. A disease management benefit shall include, but not be limited to, the use of evidence-based practice guidelines, the designation of a primary care provider as a patient's medical home, supporting adherence to care plans, and providing patient education, monitoring, and healthy lifestyle changes.

(2) The waiver developed pursuant to this section shall be known as the Disease Management Waiver. The department shall submit any necessary waiver applications or modifications to the Medicaid State Plan to the federal Centers for Medicare and Medicaid Services to implement the Disease Management Waiver, and shall implement the waiver only to the extent federal financial participation is available.

(b) The Disease Management Waiver shall be designed to provide eligible individuals with a range of services that enable them to remain in the least restrictive and most homelike environment while receiving the medical care necessary to protect their health and well-being. Services provided pursuant to this waiver program shall include only those not otherwise available under the state plan, and may include, but are not limited to, medication management, coordination with a primary care provider, use of evidence-based practice guidelines, supporting

adherence to a plan of care, patient education, communication and collaboration among providers, and process and outcome measures. Coverage for those services shall be limited by the terms, conditions, and duration of the federal waiver.

(c) Eligibility for the Disease Management Waiver shall be limited to those persons who are eligible for the Medi-Cal program as aged, blind, and disabled persons or those persons over 21 years of age who are not enrolled in a Medi-Cal managed care plan, or eligible for the federal Medicare program, and who are determined by the department to be at risk of, or diagnosed with, select chronic diseases, including, but not limited to, advanced atherosclerotic disease syndromes, congestive heart failure, and diabetes. Eligibility shall be based on the individual's medical diagnosis and prognosis, and other criteria, as specified in the waiver.

(d) The Disease Management Waiver shall test the effectiveness of providing a Medi-Cal disease management benefit. The department shall evaluate the effectiveness of the Disease Management Waiver.

(1) The evaluation shall include, but not be limited to, participant satisfaction, health and safety, the quality of life of the participant receiving the disease management benefit, and demonstration of the cost neutrality of the Disease Management Waiver as specified in federal guidelines.

(2) The evaluation shall estimate the projected savings, if any, in the budgets of state and local governments if the Disease Management Waiver was expanded statewide.

(3) The evaluation shall be submitted to the appropriate policy and fiscal committees of the Legislature on or before January 1, 2008.

(e) The department shall limit the number of participants in the Disease Management Waiver during the initial three years of its operation to a number that will be statistically significant for purposes of the waiver evaluation and that meets any requirements of the federal government, including a request to waive statewide implementation requirements for the waiver during the initial years of evaluation.

(f) In undertaking this Disease Management Waiver, the director may enter into contracts for the purpose of directly providing Disease Management Waiver services. *The requirement that the disease management benefit includes the designation of a primary*

care provider as a patient's medical home, pursuant to paragraph (1) of subdivision (a), shall only apply to a contract entered into or renewed after January 1, 2010.

(g) The department shall seek all federal waivers necessary to allow for federal financial participation under this section.

(h) The Disease Management Waiver shall be developed and implemented only to the extent that funds are appropriated or otherwise available for that purpose.

(i) The department shall not implement this section if any of the following apply:

(1) The department's application for federal funds under the Disease Management Waiver is not accepted.

(2) Federal funding for the waiver ceases to be available.

SEC. 2. Section 14133.10 of the Welfare and Institutions Code is amended to read:

14133.10. (a) Where it is expected to be cost-effective, the director may, in conducting Medi-Cal acute care inpatient hospital utilization control, establish a program of aggressive case management of elective, nonemergency acute care hospital admissions for the purpose of reducing both the numbers and duration of acute care hospital stays by Medi-Cal beneficiaries.

(b) In conducting the case management program, the department may conduct daily reviews to determine the need for additional days of inpatient care.

(c) In undertaking this case management program, the director may enter into contracts, on a bid or nonbid basis, for the purposes of obtaining the necessary expertise to train and educate utilization control staff in case management concepts, principles and techniques, identifying and recommend cost-effective therapies, services, and technology as alternatives to elective acute care hospitalization or to directly provide the case management and diversion services.

(d) (1) If the director has established a program of aggressive case management pursuant to subdivision (a), the director shall, on or after July 1, 2010, expand the program to include Medi-Cal beneficiaries who meet all of the following conditions:

(A) The beneficiaries have two or more chronic conditions, including substance abuse disorders and mental health conditions.

(B) The beneficiaries are not enrolled in a managed care plan.

(C) The beneficiaries are not eligible for the Medicare benefits.

(D) The beneficiaries have received emergency department services on four or more occasions in the previous 12 months.

(E) The beneficiaries are currently seeking care for a condition that could have been prevented with timely primary care access and case management.

(2) Case management services provided pursuant to this subdivision shall include, but not be limited to, coordinating services to ensure continuity of care, establishing links to health care professionals and community social services resources that would assist in stabilizing the target population, and expediting the authorization of medically necessary services.

(3) An expansion of the aggressive case management program pursuant to this subdivision shall be implemented only to the extent that funds are appropriated by the Legislature, or are otherwise made available, for that purpose.

(e) In order to achieve maximum cost savings the Legislature hereby determines that an expedited contract process for contracts under this section is necessary. Therefore, contracts under this article may be on a nonbid basis, and shall be exempt from the provisions of Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code. Contracts shall have no force and effect unless approved by the Department of Finance.

(f) The department shall seek all federal waivers necessary to allow for federal financial participation under this section.

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