Assembly Bill No. 1462

Passed the Assembly September 9, 2009

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Chief Clerk of the Assembly

Passed the Senate September 3, 2009

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Secretary of the Senate

This bill was received by the Governor this _____ day of _____, 2009, at _____ o'clock ___M.

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Private Secretary of the Governor

CHAPTER _____

An act to amend Section 14083 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 1462, Feuer. Medi-Cal: inpatient hospital services contracts.

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

Under existing law, the California Medical Assistance Commission is authorized to negotiate inpatient hospital services contracts binding upon the State Department of Health Care Services. Existing law requires the commission to consider certain factors in negotiating inpatient hospital services contracts.

This bill would add graduate medical education programs to the list of factors the commission is required to consider when negotiating inpatient hospital services contracts.

This bill would incorporate additional changes in Section 14083 of the Welfare and Institutions Code proposed by AB 366, that would become operative only if AB 366 and this bill are both chaptered and become effective on or before January 1, 2010, and this bill is chaptered last.

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

SECTION 1. Section 14083 of the Welfare and Institutions Code is amended to read:

14083. The factors to be considered by the negotiator in negotiating contracts under this article, or in drawing specifications for competitive bidding, include, but are not limited to, all of the following:

(a) Beneficiary access.

(b) Utilization controls.

(c) Ability to render quality services efficiently and economically.

(d) Demonstrated ability to provide or arrange needed specialized services.

(e) Protection against fraud and abuse.

(f) Any other factor which would reduce costs, promote access, or enhance the quality of care.

(g) Graduate medical education programs.

(h) The capacity to provide a given tertiary service, such as specialized children's services, on a regional basis.

(i) Recognition of the variations in severity of illness and complexity of care.

(j) Existing labor-management collective bargaining agreements.

(k) The situation of county hospitals and university medical centers contracting with counties for provision of health care to indigent persons entitled to care under Section 17000, which are burdened to a greater extent than private hospitals with bad debts, indirect costs, medical education programs, and capital needs.

(*l*) The special circumstances of hospitals serving a disproportionate number of Medi-Cal beneficiaries and patients who are not covered by other third-party payers, including the costs associated with assuring an adequate supply of registered nurses.

(m) The costs of providing complex emergency services, including the costs of meeting and maintaining state and local requirements for trauma center designation.

(n) The hospital does any of the following:

(1) Provides additional obstetrical beds.

(2) Contracts with one or more comprehensive perinatal providers.

(3) Permits certified nurse midwives, subject to hospital rules, and consistent with existing laws and regulations, to admit patients to the health facility.

(4) Expands overall obstetrical services in the hospital.

(o) The special circumstances of hospitals whose Medi-Cal inpatient utilization rate exceeds the mean Medicaid inpatient utilization rate by at least one-half of one standard deviation.

(p) The ability and capacity of the contracting hospital in a closed health facility planning area to provide health care services to beneficiaries who are in life threatening or emergency situations, but have been sufficiently stabilized at another noncontracting

facility in order to facilitate transportation to the contracting hospital.

(q) The ability of the contracting hospital to provide a secure environment for the provision of health care services. In this regard, the negotiator shall consider additional security measures that the contracting hospital may have taken to provide a secure environment, including, but not limited to, the use of detection equipment or procedures to detect lethal weapons, the appropriate use of surveillance cameras, limiting access of unauthorized personnel to the emergency department, installation of bulletproof glass as appropriate in designated areas, the use of emergency "panic" buttons to alert local law enforcement agencies, and assigning full-time security personnel to the emergency department.

SEC. 1.5. Section 14083 of the Welfare and Institutions Code is amended to read:

14083. The factors to be considered by the negotiator in negotiating contracts under this article, or in drawing specifications for competitive bidding, include, but are not limited to, all of the following:

(a) Beneficiary access.

(b) Utilization controls.

(c) Ability to render quality services efficiently and economically.

(d) Demonstrated ability to provide or arrange needed specialized services.

(e) Protection against fraud and abuse.

(f) Any other factor that would reduce costs, promote access, or enhance the quality of care.

(g) Graduate medical education programs.

(h) The capacity to provide a given tertiary service, such as specialized children's services, on a regional basis.

(i) Specialization in orthopedic implantation related to cancers of the bone.

(j) Recognition of the variations in severity of illness and complexity of care.

(k) Existing labor-management collective bargaining agreements.

(*l*) The situation of county hospitals and university medical centers contracting with counties for provision of health care to indigent persons entitled to care under Section 17000, which are

burdened to a greater extent than private hospitals with bad debts, indirect costs, medical education programs, and capital needs.

(m) The special circumstances of hospitals serving a disproportionate number of Medi-Cal beneficiaries and patients who are not covered by other third-party payers, including the costs associated with assuring an adequate supply of registered nurses.

(n) The costs of providing complex emergency services, including the costs of meeting and maintaining state and local requirements for trauma center designation.

(o) The hospital does any of the following:

(1) Provides additional obstetrical beds.

(2) Contracts with one or more comprehensive perinatal providers.

(3) Permits certified nurse midwives, subject to hospital rules, and consistent with existing laws and regulations, to admit patients to the health facility.

(4) Expands overall obstetrical services in the hospital.

(p) The special circumstances of hospitals whose Medi-Cal inpatient utilization rate exceeds the mean Medicaid inpatient utilization rate by at least one-half of one standard deviation.

(q) The ability and capacity of the contracting hospital in a closed health facility planning area to provide health care services to beneficiaries who are in life threatening or emergency situations, but have been sufficiently stabilized at another noncontracting facility in order to facilitate transportation to the contracting hospital.

(r) The ability of the contracting hospital to provide a secure environment for the provision of health care services. In this regard, the negotiator shall consider additional security measures that the contracting hospital may have taken to provide a secure environment, including, but not limited to, the use of detection equipment or procedures to detect lethal weapons, the appropriate use of surveillance cameras, limiting access of unauthorized personnel to the emergency department, installation of bulletproof glass as appropriate in designated areas, the use of emergency "panic" buttons to alert local law enforcement agencies, and assigning full-time security personnel to the emergency department.

SEC. 2. Section 1.5 of this bill incorporates amendments to Section 14083 of the Welfare and Institutions Code proposed by

both this bill and AB 366. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2010, (2) each bill amends Section 14083 of the Welfare and Institutions Code, and (3) this bill is enacted after AB 366, in which case Section 1 of this bill shall not become operative.

Approved _____, 2009

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Governor