

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1517

Introduced by Senator Wolk

February 24, 2012

An act to amend ~~Section~~ *Sections 15911, 16809, and 16809.3* of the Welfare and Institutions Code, relating to county health services.

LEGISLATIVE COUNSEL'S DIGEST

SB 1517, as amended, Wolk. County medical service program: fees.

Existing law authorizes counties meeting certain criteria to elect to participate in the County Medical Services Program (*CMSP*), for the purpose of providing specified health services to eligible county residents. Counties that elect to participate in the program may establish a ~~County Medical Services Program~~ *CMSP* Governing Board, *responsible for the oversight of the participating counties*. Existing law requires fees to be paid each fiscal year, as a condition of participating in the program, to the governing board in 12 equal monthly payments or as otherwise specified by the governing board.

This bill would instead require the payments to the *CMSP* governing board be made in 10 equal payments during the fiscal year or as otherwise specified by the governing board.

Existing law establishes the County Medical Services Program Account in the County Health Services Fund. Existing law requires the moneys in the program account be used by the CMSP governing board to pay for health care services of eligible county residents and to pay the CMSP governing board expenses and program administrative costs. Existing law permits the Department of Finance to authorize a loan of up to \$30,000,000 for deposit into the program account to ensure there are sufficient funds available to reimburse providers and counties

pursuant to the CMSP. Existing law authorizes the CMSP governing board to establish and maintain pilot projects for providing benefits under the CMSP and to develop and implement alternative products outside of the CMSP. Existing law permits a CMSP to apply to operate a local Low Income Health Program for the purpose of providing health care services, as specified.

This bill would authorize the loan to be used for CMSP governing board expenses that are associated with the governing board's Low Income Health Program.

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

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

1 *SECTION 1. Section 15911 of the Welfare and Institutions*
2 *Code is amended to read:*

3 15911. (a) Funding for each LIHP shall be based on all of the
4 following:

5 (1) The amount of funding that the participating entity
6 voluntarily provides for the nonfederal share of LIHP expenditures.

7 (2) For a LIHP that had in operation a Health Care Coverage
8 Initiative program under Part 3.5 (commencing with Section 15900)
9 as of November 1, 2010, and elects to continue funding the
10 program, the amount of funds requested to ensure that eligible
11 enrollees continue to receive health care services for persons
12 enrolled in the Health Care Coverage Initiative program as of
13 November 1, 2010.

14 (3) Any limitations imposed by the Special Terms and
15 Conditions of the demonstration project.

16 (4) The total allocations requested by participating entities for
17 Health Care Coverage Initiative eligible individuals.

18 (5) Whether funding under this part would result in the reduction
19 of other payments under the demonstration project.

20 (b) Nothing in this part shall be construed to require a political
21 subdivision of the state to participate in a LIHP as set forth in this
22 part, and those local funds expended or transferred for the
23 nonfederal share of LIHP expenditures under this part shall be
24 considered voluntary contributions for purposes of the federal
25 Patient Protection and Affordable Care Act (Public Law 111-148),
26 as amended by the federal Health Care and Education

1 Reconciliation Act of 2010 (Public Law 111-152), and the federal
2 American Recovery and Reinvestment Act of 2009 (Public Law
3 111-5), as amended by the federal Patient Protection and
4 Affordable Care Act.

5 (c) ~~No~~ Except as provided for in subdivision (n) of Section
6 16809, state General Fund moneys shall *not* be used to fund LIHP
7 services, nor to fund any related administrative costs incurred by
8 counties or any other political subdivision of the state.

9 (d) Subject to the Special Terms and Conditions of the
10 demonstration project, if a participating entity elects to fund the
11 nonfederal share of a LIHP, the nonfederal funding and payments
12 to the LIHP shall be provided through one of the following
13 mechanisms, at the options of the participating entity:

14 (1) On a quarterly basis, the participating entity shall transfer
15 to the department for deposit in the LIHP Fund established for the
16 participating counties and pursuant to subparagraph (A), the
17 amount necessary to meet the nonfederal share of estimated
18 payments to the LIHP for the next quarter under subdivision (g)
19 Section 15910.3.

20 (A) The LIHP Fund is hereby created in the State Treasury.
21 Notwithstanding Section 13340 of the Government Code, all
22 moneys in the fund shall be continuously appropriated to the
23 department for the purposes specified in this part. The fund shall
24 contain all moneys deposited into the fund in accordance with this
25 paragraph.

26 (B) The department shall obtain the related federal financial
27 participation and pay the rates established under Section 15910.3,
28 provided that the intergovernmental transfer is transferred in
29 accordance with the deadlines imposed under the Medi-Cal
30 Checkwrite Schedule, no later than the next available warrant
31 release date. This payment shall be a nondiscretionary obligation
32 of the department, enforceable under a writ of mandate pursuant
33 to Section 1085 of the Code of Civil Procedure. Participating
34 entities may request expedited processing within seven business
35 days of the transfer as made available by the State Controllers
36 office, provided that the participating entity prepay the department
37 for the additional administrative costs associated with the expedited
38 processing.

1 (C) Total quarterly payment amounts shall be determined in
2 accordance with estimates of the number of enrollees in each rate
3 category, subject to annual reconciliation to final enrollment data.

4 (2) If a participating entity operates its LIHP through a contract
5 with another entity, the participating entity may pay the operating
6 entity based on the per enrollee rates established under Section
7 15910.3 on a quarterly basis in accordance with estimates of the
8 number of enrollees in each rate category, subject to annual
9 reconciliation to final enrollment data.

10 (A) (i) On a quarterly basis, the participating entity shall certify
11 the expenditures made under this paragraph and submit the report
12 of certified public expenditures to the department.

13 (ii) The department shall report the certified public expenditures
14 of a participating entity under this paragraph on the next available
15 quarterly report as necessary to obtain federal financial
16 participation for the expenditures. The total amount of federal
17 financial participation associated with the participating entity's
18 expenditures under this paragraph shall be reimbursed to the
19 participating entity.

20 (B) At the option of the participating entity, the LIHP may be
21 reimbursed on a cost basis in accordance with the methodology
22 applied to Health Care Coverage Initiative programs established
23 under Part 3.5 (commencing with Section 15900) including interim
24 quarterly payments.

25 (e) Notwithstanding Section 15910.3 and subdivision (d) of this
26 section, if the participating entity cannot reach an agreement with
27 the department as to the appropriate rate to be paid under Section
28 15910.3, at the option of the participating entity, the LIHP shall
29 be reimbursed on a cost basis in accordance with the methodology
30 applied to Health Care Coverage Initiative programs established
31 under Part 3.5 (commencing with Section 15900), including interim
32 quarterly payments. If the participating entity and the department
33 reach an agreement as to the appropriate rate, the rate shall be
34 applied no earlier than the first day of the LIHP year in which the
35 parties agree to the rate.

36 (f) If authorized under the Special Terms and Conditions of the
37 demonstration project, pending the department's development of
38 rates in accordance with Section 15910.3, the department shall
39 make interim quarterly payments to approved LIHPs for
40 expenditures based on estimated costs submitted for rate setting.

(g) Participating entities that operate a LIHP directly or through contract with another entity shall be entitled to any federal financial participation available for administrative expenditures incurred in the operation of the Medi-Cal program or the demonstration project, including, but not limited to, outreach, screening and enrollment, program development, data collection, reporting and quality monitoring, and contract administration, but only to the extent that the expenditures are allowable under federal law and only to the extent the expenditures are not taken into account in the determination of the per enrollee rates under Section 15910.3.

(h) On and after January 1, 2014, the state shall implement comprehensive health care reform for the populations targeted by the LIHP in compliance with federal health care reform law, regulation, and policy, including the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), and subsequent amendments.

(i) Subject to the Special Terms and Conditions of the demonstration project, a participating entity may elect to include, in collaboration with the department, as the nonfederal share of LIHP expenditures, voluntary intergovernmental transfers or certified public expenditures of another governmental entity, as long as the intergovernmental transfer or certified public expenditure is consistent with federal law.

(j) Participation in the LIHP under this part is voluntary on the part of the eligible entity for purposes of all applicable federal laws. As part of its voluntary participation under this article, the participating entity shall agree to reimburse the state for the nonfederal share of state staffing and administrative costs directly attributable to the cost of administering that LIHP, including, but not limited to, the state administrative costs related to certified public expenditures and intergovernmental transfers. This section shall be implemented only to the extent federal financial participation is not jeopardized.

SEC. 2. Section 16809 of the Welfare and Institutions Code is amended to read:

16809. (a) (1) The board of supervisors of a county that contracted with the department pursuant to former Section 16709 during the 1990–91 fiscal year and any county with a population under 300,000, as determined in accordance with the 1990

1 decennial census, by adopting a resolution to that effect, may elect
2 to participate in the County Medical Services Program. The
3 governing board shall have responsibilities for specified health
4 services to county residents certified eligible for those services by
5 the county.

6 (2) The board of supervisors of a county that has contracted
7 with the governing board pursuant to paragraph (1) may also
8 contract with the governing board for the delivery of health care
9 and health-related services to county residents other than under
10 the County Medical Services Program by adopting a resolution to
11 that effect. The governing board shall have responsibilities for the
12 delivery of specified health services to county residents as agreed
13 upon by the governing board and the county. Participation by a
14 county pursuant to this paragraph shall be voluntary, and funds
15 shall be provided solely by the county.

16 (b) The governing board may contract with the department or
17 any other person or entity to administer the County Medical
18 Services Program.

19 (1) If the governing board contracts with the department to
20 administer the County Medical Services Program, that contract
21 shall include, but need not be limited to, all of the following:

22 (A) Provisions for the payment to participating counties for
23 making eligibility determinations as determined by the governing
24 board.

25 (B) Provisions for payment of expenses of the governing board.

26 (C) Provisions relating to the flow of funds from counties'
27 vehicle license fees, sales taxes, and participation fees and the
28 procedures to be followed if a county does not pay those funds to
29 the program.

30 (D) Those provisions, as applicable, contained in the 1993–94
31 fiscal year contract with counties under the County Medical
32 Services Program.

33 (E) Provisions for the department to administer the County
34 Medical Services Program pursuant to regulations adopted by the
35 governing board or as otherwise determined by the governing
36 board.

37 (F) Provisions requiring that the governing board reimburse the
38 state costs of providing administrative support to the County
39 Medical Services Program in accordance with amounts determined
40 between the governing board and the department.

(2) If the governing board does not contract with the department for administration of the County Medical Services Program, the governing board may contract with the department for specified services to assist in the administration of that program. Any contract with the department under this paragraph shall require that the governing board reimburse the state costs of providing administrative support.

(3) The department shall not be liable for any costs related to decisions of the governing board that are in excess of those set forth in the contract between the department and the governing board.

(c) Each county intending to participate in the County Medical Services Program pursuant to this section shall submit to the governing board a notice of intent to contract adopted by the board of supervisors no later than April 1 of the fiscal year preceding the fiscal year in which the county will participate in the County Medical Services Program.

(d) A county participating in the County Medical Services Program pursuant to this section, or a county contracting with the governing board pursuant to paragraph (2) or (3) of subdivision (a), or participating in a pilot project or contracting with the governing board for an alternative product pursuant to Section 16809.4, shall not be relieved of its indigent health care obligation under Section 17000.

(e) (1) The County Medical Services Program Account is established in the County Health Services Fund. The County Medical Services Program Account is continuously appropriated, notwithstanding Section 13340 of the Government Code, without regard to fiscal years. The following amounts may be deposited in the account:

(A) Any interest earned upon moneys deposited in the account.

(B) Moneys provided by participating counties or appropriated by the Legislature to the account.

(C) Moneys loaned pursuant to subdivision (n).

(2) The methods and procedures used to deposit funds into the account shall be consistent with the methods used by the program during the 1993–94 fiscal year, unless otherwise determined by the governing board.

(f) Moneys in the program account shall be used by the governing board, or by the department if the department contracts

1 with the governing board for this purpose, to pay for health care
2 services provided to the persons meeting the eligibility criteria
3 established pursuant to subdivision (j) and to pay the governing
4 board expenses and program administrative costs. In addition,
5 moneys in this account may be used to reimburse the department
6 for state costs pursuant to subparagraph (F) of paragraph (1) of
7 subdivision (b).

8 (g) (1) Moneys in this account shall be administered on an
9 accrual basis and notwithstanding any other law, except as provided
10 in this section and Section 17605.051, shall not be transferred to
11 any other fund or account in the State Treasury except for purposes
12 of investment as provided in Article 4 (commencing with Section
13 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the
14 Government Code.

15 (2) (A) All interest or other increment resulting from the
16 investment shall be deposited in the program account,
17 notwithstanding Section 16305.7 of the Government Code.

18 (B) All interest deposited pursuant to subparagraph (A) shall
19 be available to reimburse program-covered services, governing
20 board expenses, and program administrative costs.

21 (h) The governing board shall establish a reserve account for
22 the purpose of depositing funds for the payment of claims and
23 unexpected contingencies. Funds in the reserve account in excess
24 of the amounts the governing board determines necessary for these
25 purposes shall be available for expenditures in years when program
26 expenditures exceed program funds, and to augment the rates,
27 benefits, or eligibility criteria under the program.

28 (i) (1) Counties shall pay participation fees as established by
29 the governing board and their jurisdictional risk amount in a
30 method that is consistent with that established in the 1993–94 fiscal
31 year.

32 (2) A county may request, due to financial hardship, the
33 payments under paragraph (1) be delayed. The request shall be
34 subject to approval by the governing board.

35 (3) Payments made pursuant to this subdivision shall be
36 deposited in the program account, unless otherwise directed by
37 the governing board.

38 (4) Payments may be made as part of the deposits authorized
39 by the county pursuant to Sections 17603.05 and 17604.05.

(j) (1) (A) Beginning in the 1992–93 fiscal year and for each fiscal year thereafter, counties and the state shall share the risk for cost increases of the County Medical Services Program not funded through other sources. The state shall be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue, up to the amount of twenty million two hundred thirty-seven thousand four hundred sixty dollars (\$20,237,460) per fiscal year, except for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services Program, plus the additional cost increases in excess of twenty million two hundred thirty-seven thousand four hundred sixty dollars (\$20,237,460) per fiscal year, except for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter.

(B) For the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter, the state shall not be at risk for any cost that exceeds the cumulative annual growth in dedicated sales tax and vehicle license fee revenue. Counties shall be at risk up to the cumulative annual growth in the Local Revenue Fund created by Section 17600, according to the table specified in paragraph (2), to the County Medical Services Program, plus any additional cost increases for the 1999–2000, 2000–01, 2001–02, 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years, and all fiscal years thereafter.

(C) (i) The governing board shall establish uniform eligibility criteria and benefits among all counties participating in the County Medical Services Program listed in paragraph (2). For counties that are not listed in paragraph (2) and that elect to participate pursuant to paragraph (1) of subdivision (a), the eligibility criteria and benefit structure may vary from those of counties participating pursuant to paragraph (2) of subdivision (a).

(ii) Notwithstanding clause (i), the governing board may establish and maintain pilot projects to identify or test alternative approaches for determining eligibility or for providing or paying for benefits under the County Medical Services Program, and may

1 develop and implement alternative products with varying levels
 2 of eligibility criteria and benefits outside of the County Medical
 3 Services Program.

4 (2) For the 1991–92 fiscal year, and each fiscal year thereafter,
 5 jurisdictional risk limitations shall be as follows:

6	Jurisdiction	Amount
7	Alpine.....	\$ 13,150
8	Amador.....	620,264
9	Butte.....	5,950,593
10	Calaveras.....	913,959
11	Colusa.....	799,988
12	Del Norte.....	781,358
13	El Dorado.....	3,535,288
14	Glenn.....	787,933
15	Humboldt.....	6,883,182
16	Imperial.....	6,394,422
17	Inyo.....	1,100,257
18	Kings.....	2,832,833
19	Lake.....	1,022,963
20	Lassen.....	687,113
21	Madera.....	2,882,147
22	Marin.....	7,725,909
23	Mariposa.....	435,062
24	Mendocino.....	1,654,999
25	Modoc.....	469,034
26	Mono.....	369,309
27	Napa.....	3,062,967
28	Nevada.....	1,860,793
29	Plumas.....	905,192
30	San Benito.....	1,086,011
31	Shasta.....	5,361,013
32	Sierra.....	135,888
33	Siskiyou.....	1,372,034
34	Solano.....	6,871,127
35	Sonoma.....	13,183,359
36	Sutter.....	2,996,118
37	Tehama.....	1,912,299
38	Trinity.....	611,497
39	Tuolumne.....	1,455,320
40		

1 Yuba..... 2,395,580

2

3 (3) Beginning in the 1991–92 fiscal year and in subsequent
4 fiscal years, the jurisdictional risk limitation for the counties that
5 did not contract with the department pursuant to former Section
6 16709 during the 1990–91 fiscal year shall be the amount specified
7 in subparagraph (A) plus the amount determined pursuant to
8 subparagraph (B), minus the amount specified by the governing
9 board as participation fees.

10

11 (A)

12

13 Jurisdiction	Amount
14 Merced.....	2,033,729
15 Placer.....	1,338,330
16 San Luis Obispo.....	2,000,491
17 Santa Cruz.....	3,037,783
18 Yolo.....	1,475,620

19

20 (B) The amount of funds necessary to fully fund the anticipated
21 costs for the county shall be determined by the governing board
22 before a county is permitted to participate in the County Medical
23 Services Program.

24 (4) The specific amounts and method of apportioning risk to
25 each participating county may be adjusted by the governing board.

26 (k) The Legislature hereby determines that an expedited contract
27 process for contracts under this section is necessary. Contracts
28 under this section shall be exempt from Part 2 (commencing with
29 Section 10100) of Division 2 of the Public Contract Code.
30 Contracts of the department pursuant to this section shall have no
31 force or effect unless they are approved by the Department of
32 Finance.

33 (l) The state shall not incur any liability except as specified in
34 this section.

35 (m) Third-party recoveries for services provided under this
36 section may be pursued.

37 (n) The Department of Finance may authorize a loan of up to
38 thirty million dollars (\$30,000,000) for deposit into the program
39 account to ensure that there are sufficient funds available to
40 reimburse providers and counties pursuant to this section *and for*

1 *governing board expenses described in subdivision (f) that are*
 2 *associated with a Low Income Health Program, operated by the*
 3 *governing board pursuant to Part 3.6 (commencing with Section*
 4 *15909).*

5 (o) Moneys appropriated from the General Fund to meet the
 6 state risk, as set forth in subparagraph (A) of paragraph (1) of
 7 subdivision (j), shall not be available for those counties electing
 8 to disenroll from the County Medical Services Program.

9 (p) Notwithstanding any other law, the Controller may use the
 10 moneys in the County Medical Services Program Account for
 11 loans to the General Fund as provided in Sections 16310 and 16381
 12 of the Government Code. However, interest shall be paid on all
 13 moneys loaned to the General Fund from the County Medical
 14 Services Program Account. Interest payable shall be computed at
 15 a rate determined by the Pooled Money Investment Board to be
 16 the current earning rate of the fund from which loaned. This
 17 subdivision does not authorize any transfer that will interfere with
 18 the carrying out of the object for which the County Medical
 19 Services Program Account was created.

20 **SECTION 1.**

21 *SEC. 3.* Section 16809.3 of the Welfare and Institutions Code
 22 is amended to read:

23 16809.3. (a) Beginning in the 1991–92 fiscal year, and in
 24 subsequent fiscal years, a county shall pay the amount listed below
 25 or as established by the governing board pursuant to subparagraph
 26 (B) of paragraph (1) of subdivision (e) of Section 16809.4, to the
 27 governing board as a condition of participation in the County
 28 Medical Services Program administered pursuant to Section 16809:

29 Jurisdiction	Amount
30 Alpine.....	\$ 661
31 Amador.....	17,107
32 Butte.....	459,610
33 Calaveras.....	30,401
34 Colusa.....	28,997
35 Del Norte.....	39,424
36 El Dorado.....	233,492
37 Glenn.....	33,989
38 Humboldt.....	430,851
39 Imperial.....	249,786
40	

1	Inyo.....	18,950
2	Kings.....	195,053
3	Lake.....	150,278
4	Lassen.....	17,206
5	Madera.....	151,434
6	Marin.....	576,233
7	Mariposa.....	5,649
8	Mendocino.....	247,578
9	Modoc.....	9,688
10	Mono.....	25,469
11	Napa.....	142,767
12	Nevada.....	42,051
13	Plumas.....	23,796
14	San Benito.....	37,018
15	Shasta.....	294,369
16	Sierra.....	6,183
17	Siskiyou.....	48,956
18	Solano.....	809,548
19	Sonoma.....	718,947
20	Sutter.....	188,781
21	Tehama.....	79,950
22	Trinity.....	8,319
23	Tuolumne.....	34,947
24	Yuba.....	101,907

25
26 (b) Beginning in the 1991–92 fiscal year and in subsequent
27 fiscal years, counties that did not contract with the department
28 pursuant to Section 16709 during the 1990–91 fiscal year shall
29 pay the following amount listed below or as established by the
30 governing board pursuant to subparagraph (B) of paragraph (1) of
31 subdivision (e) of Section 16809.4, to the governing board as a
32 condition of participation in the County Medical Services Program,
33 administered pursuant to Section 16809:

34		
35	Jurisdiction	Amount
36	Merced.....	\$488,954
37	Placer.....	247,193
38	San Luis Obispo.....	358,571
39	Santa Cruz.....	678,868
40	Yolo.....	532,510

1 (c) (1) County amounts specified in subdivisions (a) and (b)
2 shall be paid to the governing board in 10 equal payments during
3 the fiscal year or as otherwise specified by the governing board.
4 Subject to paragraphs (2) and (3), a county that does not pay the
5 amounts specified in subdivision (a) or (b) may be terminated from
6 participation in the program.

7 (2) A county may request, due to financial hardship, that
8 payments specified under subdivisions (a) and (b) be delayed. The
9 request shall be subject to the approval of the governing board.

10 (3) For the 1991–92 fiscal year and subsequent fiscal years,
11 counties that enter the County Medical Services Program shall pay
12 the amount specified in subdivision (a) or (b), as applicable, on a
13 prorated basis, for the number of contracted months of participation
14 in the County Medical Services Program.

15 (d) The payments required by subdivision (c) shall not be paid
16 for with funds from the health account of the local health and
17 welfare trust fund established pursuant to Section 17600.10.