

An act to amend Section 123850 of the Health and Safety Code, and to amend Sections 14093.05, 14093.06, 14094.1, and 14094.2 of the Welfare and Institutions Code, relating to Medi-Cal.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 123850 of the Health and Safety Code is amended to read:

123850. (a) The board of supervisors of each county shall designate the county department of public health or the county department of social welfare as the designated agency to administer the California Children's Services ~~Program~~. (CCS) program. Counties with total population under 200,000 persons may administer the county program independently or jointly with the department. Counties with a total population in excess of 200,000 persons shall administer the county program independently. Except as otherwise provided in this article, the director shall establish standards relating to the local administration and minimum services to be offered by counties in the conduct of the California Children's Services Program.

(b) Following the expiration of the provisions of Section 14094.3 of the Welfare and Institutions Code prohibiting the inclusion of CCS covered services in Medi-Cal managed care contracts except in specified counties, upon determination of readiness by the director, the designated county agency and a Medi-Cal managed care health plan or plans, as determined by the director, serving the county shall provide for the transition of CCS program services, specified in Section 14103.8 of the Welfare and Institutions Code and this article, into the county Medi-Cal managed care health plan contract. The case management, care coordination, provider referral, and service authorization administrative functions of the CCS program shall then be the responsibility of the Medi-Cal managed care health plan in accordance with a written transition plan prepared by the designated county agency and the Medi-Cal managed

care health plan. The director's written determination shall provide an implementation date for the transition, at which point the Medi-Cal managed care health plan is also responsible for fulfilling the requirements set forth in Sections 123855, 123925, and 123960. CCS program eligibility determination shall remain the responsibility of the designated county agency in accordance with this article.

(c) The CCS medical therapy program shall remain responsible for the provision of medically necessary occupational and physical therapy services prescribed by the CCS medical therapy program unit conference team physician.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this article, Article 2.97 (commencing with Section 14093) and Article 2.98 (commencing with Section 14094) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, and any applicable federal waivers and state plan amendments by means of all-county letters, plan letters, CCS numbered letters, plan or provider bulletins, or similar instructions, without taking regulatory action.

SEC. 2. Section 14093.05 of the Welfare and Institutions Code is amended to read:

14093.05. (a) The director shall enter into contracts with managed care plans under this chapter and Chapter 8 (commencing with Section 14200), including, but not limited to, health maintenance organizations, prepaid health plans, and primary care case management plans; counties, primary care providers, independent practice associations, private foundations, children's hospitals, community health centers, rural health centers, community clinics, and university medical center systems, or other

entities for the provision of medical benefits to all persons who are eligible to receive medical benefits under publicly supported programs. The director may also amend existing Medi-Cal managed care contracts to include the provision of medical benefits to persons who are eligible to receive medical benefits under publicly supported programs. Contracts may be on an exclusive or nonexclusive basis.

(b) Contractors pursuant to this article and participating providers acting pursuant to subcontracts with those contractors, shall agree to hold harmless the beneficiaries of the publicly supported programs if the contract between the sponsoring government agency and the contractor does not ensure sufficient funding to cover program benefits.

(c) Any managed care contractor serving children with conditions eligible under the California Children's Services (CCS) program shall maintain and follow standards of care established by the ~~program, department,~~ including use of paneled providers and CCS-approved special care centers and shall follow treatment ~~plans approved by the program,~~ plans developed in accordance with department requirements, including specified services and providers of services. If there are insufficient paneled providers willing to enter into contracts with the managed care contractor, the CCS program shall seek to establish new paneled providers willing to contract. If a paneled provider cannot be found, the managed care contractor shall seek ~~program~~ departmental approval to use a specific nonpaneled provider with appropriate qualifications.

(d) (1) Any managed care contractor serving children with conditions eligible under the CCS program shall report expenditures and savings separately for CCS covered services and CCS eligible children.

~~(2) If the managed care contractor is paid according to a capitated or risk-based payment methodology, there shall be separate actuarially sound rates for CCS eligible children.~~

(2) The managed care contractor is at full financial risk and shall be paid according to a capitated or risk-based payment methodology.

(3) Notwithstanding paragraph (2), a managed care pilot project may, if approval is obtained from the State CCS program director, utilize an alternative rate structure for CCS eligible children.

(e) This article is not intended to and shall not be interpreted to permit any reduction in benefits or eligibility levels under the CCS program. Any medically necessary service not available under the managed care contracts authorized under this article shall remain the responsibility of the state and county.

(f) To assure CCS benefits are provided to enrollees with a CCS eligible condition according to CCS program standards, there shall be oversight by the ~~state and local CCS program agencies~~ department for both services covered and not covered by the managed care contract.

(g) Any managed care contract which will affect the delivery of care to CCS eligible children shall be approved by the state CCS program director prior to execution. The state CCS program shall continue to be responsible for ~~selection~~ approval of CCS paneled ~~providers and~~ providers, and the department shall be responsible for monitoring of contractors to see that CCS state standards are maintained.

SEC. 3. Section 14093.06 of the Welfare and Institutions Code is amended to read:

14093.06. (a) When a managed care contractor authorized to provide California Children's Services (CCS) covered services pursuant to subdivision (a) of Section 14094.3 expands to other counties, the contractor shall comply with CCS program standards including, but not limited to, referral of newborns to the appropriate neonatal intensive care level, referral of children requiring pediatric intensive care to CCS-approved pediatric intensive care units, and referral of children with CCS eligible conditions to CCS-approved inpatient facilities and special care centers in accordance with subdivision (c) of Section 14093.05.

(b) The managed care contractor shall comply with CCS program medical eligibility regulations. Questions regarding interpretation of ~~state CCS~~ CCS program medical eligibility regulations, or disagreements between the ~~county CCS program,~~ CCS program and the managed care contractor regarding interpretation of those regulations, shall be resolved by the ~~local CCS program, in consultation with the state CCS program,~~ department. The resolution determined by the ~~CCS program~~ department shall be communicated in writing to the managed care contractor.

(c) In following the ~~treatment plan approved by the CCS program,~~ plan, developed in accordance with CCS program requirements, the managed care contractor shall ensure the timely referral of children with special health care needs to CCS-paneled providers who are board-certified in both pediatrics and in the appropriate pediatric subspecialty.

(d) The managed care contractor shall report expenditures and savings separately for CCS covered services and CCS eligible children, in accordance with paragraph (1) of subdivision (d) of Section 14093.05.

(e) All children who are enrolled with a managed care contractor who are seeking CCS program benefits shall retain all rights to CCS program appeals and fair hearings of denials of medical eligibility or of service authorizations. Information regarding the number, nature, and disposition of appeals and fair hearings shall be part of an annual report to the Legislature on managed care contractor compliance with CCS standards, regulations, and procedures. This report shall be made available to the public.

(f) ~~The state, department,~~ in consultation with stakeholder groups, shall develop unique pediatric plan performance standards and measurements, including, but not limited to, the health outcomes of children with special health care needs.

SEC. 4. Section 14094.1 of the Welfare and Institutions Code is amended to read:

14094.1. (a) The director shall investigate and to the extent feasible require any managed care contractor serving children with conditions eligible under the CCS program, to maintain and follow standards of care established by the CCS program, including use of paneled providers and CCS approved special care centers and to follow treatment plans ~~approved by the program, developed in accordance with departmental requirements,~~ including specified services and providers of services. If there are insufficient paneled providers willing to enter into contracts with the managed care contractor, the CCS program shall seek to establish new paneled providers willing to contract. If a paneled provider cannot be found, the managed care contractor shall seek CCS program approval to use a specific nonpaneled provider with appropriate qualifications.

(b) The director shall investigate and to the extent feasible require any managed care contractor serving children with conditions eligible under the CCS program, to report expenditures and savings separately for CCS covered services and CCS eligible children.

~~(c) (1) If the managed care contractor is paid according to a capitated or risk-based payment methodology, there shall be a separate actuarially sound rate for CCS eligible children.~~

(c) (1) The managed care contractor is at full financial risk and shall be paid according to a capitated or risk-based payment methodology.

(2) Notwithstanding paragraph (1), a managed care pilot project may, if approval is obtained from the state CCS program director, utilize an alternative rate structure for CCS eligible children.

SEC. 5. Section 14094.2 of the Welfare and Institutions Code is amended to read:

14094.2. (a) This article is not intended, and shall not be interpreted, to permit any reduction in benefits or eligibility levels under the CCS program. Any medically necessary service not available under the managed care contracts authorized under this article shall remain the responsibility of the state and county.

(b) In order to ensure that CCS benefits are provided to enrollees with a CCS eligible condition according to CCS program standards, there shall be oversight by the ~~state and local CCS program agencies~~ department for both services covered and not covered by the managed care contract.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: California Children's Services: Medi-Cal managed care transition.

The California Children's Services (CCS) program is a statewide program providing medically necessary services required by physically handicapped children whose parents are unable to pay for those services. The State Department of Health Care Services administers the CCS program. Counties, based on population size, are also charged with administering the program, either independently or jointly with the department. The services covered by the CCS program include expert diagnosis, medical treatment, surgical treatment, hospital care, physical therapy, occupational therapy, special treatment, materials, and the supply of appliances and their upkeep, maintenance, and transportation. Funding for the program comes from county, state, and federal sources. In order to be eligible for the CCS program, an applicant must be under 21 years of age, have or be suspected of having a condition covered by the program, and meet certain financial eligibility standards established by the department.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions. Existing law provides for the department to

enter into contracts with managed care systems, hospitals, and prepaid health plans for the provision of various Medi-Cal benefits. Existing law prohibits services covered by the CCS program from being incorporated into a Medi-Cal managed care contract entered into after August 1, 1994, until January 1, 2017, except with respect to contracts entered into for county organized health systems in specified counties. Existing law requires the board of supervisors of each county to designate the county department of public health or county department of social welfare to administer the CCS program.

This bill, following the expiration of the prohibition on incorporating CCS services into Medi-Cal managed care contracts, and upon a determination of readiness by the director, would require the designated county agency and a Medi-Cal managed care health plan or plans serving the county to provide for the transition of specified CCS program services into the county Medi-Cal managed care health plan contract, as specified. The bill also would revise provisions transferring related authority and duties of the CCS program to the department, and would specify that, pursuant to the transition, the managed care contractor would be at full financial risk and paid according to a capitated or risk-based payment methodology. By increasing county duties in connection with the transition, the bill would impose a state-mandated local program.

This bill would authorize the department to implement, interpret, or make specific designated provisions relating to the CCS program and Medi-Cal managed care and any applicable federal waivers and state plan amendments by means of all-county letters, plan letters, CCS numbered letters, plan or provider bulletins, or similar instructions, without taking regulatory action.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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