

**California Department of Health Care Services
Proposed Trailer Bill Legislation**

Cost-Based Reimbursement Clinic Directed Payment Program

Section XXXXXX.1 is added to the Welfare and Institutions Code to read:

(a) Notwithstanding any other law, effective for fiscal years for which any necessary federal approvals are obtained, but no sooner than July 1, 2019, the Cost-Based Reimbursement Clinics directed payment program, as described in this section, shall be in operation.

(b) For purposes of this section, the following definitions shall apply:

(1) "Cost-based reimbursement clinics" or "CBRCs" shall mean the providers described in subdivision (a) of section 14105.24.

(2) "Cost-Based Reimbursement Clinics directed payment program" or "CBRC DPP", shall mean a directed payment initiative implemented consistent with subsection (c) of section 438.6 of title 42 of the Code of Federal Regulations or other applicable federal authority that requires affected Medi-Cal managed care plans to compensate CBRCs that are network providers for all network contract services provided to enrollees of the applicable Medi-Cal managed care plan as such clinics would be reimbursed according to the Medi-Cal cost-based fee-for-service methodology as described in section 14105.24. Services provided to enrollees who are dually eligible for both the Medicare and Medi-Cal programs are excluded for purposes of the CBRC DPP.

(3) "Medi-Cal managed care plan" shall have the same meaning as that term is defined in paragraph (4) of subdivision (m) of section 14197.4.

(4) "Network provider" shall have the same meaning as that term is defined in paragraph (5) of subdivision (m) of section 14197.4.

(c)(1) The State Department of Health Care Services shall increase the capitation amounts paid to affected Medi-Cal managed care plans in each subject fiscal year by the amount the department deems necessary for the plan to comply with the requirements of this section, subject to the availability of nonfederal share funding pursuant to subdivision (d).

(2) The directed payment amounts required to be paid pursuant to this section shall not supplant amounts that would otherwise be payable by a Medi-Cal managed care plan to a CBRC for an applicable state fiscal year, and the Medi-Cal managed care plan shall not impose a fee or retention amount that would result in a direct or indirect reduction to the amounts required under this section.

(d) The nonfederal share of the increases described in subdivision (c) may be funded through voluntary intergovernmental transfers from affected counties or other public entities pursuant to section 14164. Subject to an appropriation in the annual Budget

Act, the first thirty million dollars of nonfederal share in each subject fiscal year, or such lesser amount as determined by the department pursuant to paragraph (2) of subdivision (e), shall be financed by other state funds appropriated to the department for this purpose. Upon providing any intergovernmental transfer of funds, each transferring entity shall certify that the transferred funds qualify for federal financial participation pursuant to applicable Medicaid laws, and in the form and manner specified by the department. Any intergovernmental transfer of funds made pursuant to this section shall be considered voluntary for purposes of all federal laws. Notwithstanding any other law, the department shall not assess the fee described in subdivision (d) of section 14301.4 or any other similar fee.

(e)(1) The department shall consult with the affected counties on a periodic basis, as determined appropriate by the department, to assess the extent to which implementation of the directed payments pursuant to this section in a given fiscal year is likely to be federally approvable and remains financially and programmatically supportive of the Medi-Cal program.

(2) After consulting with the affected counties pursuant to paragraph (1), the department may:

(i) Reduce the total size of CBRC DPP payments to be made in that applicable fiscal year. If the department elects to reduce the total size of payments pursuant to this paragraph, the amount of state funding required to be provided first as nonfederal share for an applicable fiscal year pursuant to subdivision (d) shall be reduced as necessary, as calculated and determined by the department.

(ii) Elect to not implement the directed payments pursuant to this section for an applicable fiscal year or years.

(f) Notwithstanding any other law, for any fiscal years in which the department implements the directed payments described in this section, the amount of state funding provided as described in subdivision (d) shall not be included in the total revenues as defined in paragraph (7) of subdivision (b) of Section 17612.5.

(g) 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 section, in whole or in part, by means of plan letters, provider bulletins, or other similar instructions, without taking regulatory action.

(h) This section shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.