

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/26/2012  
POSITION: Oppose

BILL NUMBER: AB 969  
AUTHOR: Atkins, Toni  
RELATED BILLS: AB 1494

**BILL SUMMARY: Medi-Cal: Clinical Laboratory and Laboratory Services**

This bill makes a technical change to current provisions of law that exempt Federally Qualified Health Centers (FQHCs) from Medi-Cal best pricing rules for clinical laboratory services provided to uninsured patients.

**FISCAL SUMMARY**

This bill would have a minor fiscal impact on state General Fund expenditures. Existing law prohibits providers from charging the Medi-Cal program a higher rate than is offered to any other provider for the same or comparable service. This policy is known as "best pricing." The bill makes a technical change to the FQHC exemption from existing "best pricing" provisions for laboratory services when the discounts apply to uninsured patients.

**COMMENTS**

The Department of Finance opposes this bill because it is unnecessary since current law exempts FQHCs from the best pricing rules. AB 1494 (Committee on the Budget, Chapter 28, Statutes of 2012) authorizes the Department of Health Care Services (DHCS) to establish a new reimbursement methodology for laboratory services. The new methodology will not exceed the lowest of the following: (1) The amount billed; (2) The charge to the general public; (3) Eighty percent of the lowest maximum allowance established by the federal Medicare Program for the same or similar services; or (4) A reimbursement rate based on an average of the lowest amount that other payers and other state Medicaid programs are paying for similar clinical laboratory or laboratory services. Until implementation of the new methodology, payments for clinical laboratory services are subject to a 10 percent provider payment reduction as authorized by AB 97 (Committee on the Budget, Chapter 3, Statutes of 2011). AB 1494 and AB 97 already exempt FQHCs from these provisions.

According to the author's office, this bill allows FQHCs to accept clinical laboratory services for uninsured patients at rates below the Medi-Cal published fee schedule. The bill aims to ensure that Medi-Cal best pricing regulations do not apply when discounts are provided for laboratory services to the uninsured through arrangements between FQHCs and laboratory service providers.

Analyst/Principal (0540) A.Dorsey	Date	Program Budget Manager Ken DaRosa	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

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Atkins, Toni

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AB 969

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
4260/Hlth Care	LA	No		----- No/Minor Fiscal Impact -----			0001
4260/Hlth Care	LA	No		----- No/Minor Fiscal Impact -----			0890
<u>Fund Code</u>		<u>Title</u>					
0001		General Fund					
0890		Trust Fund, Federal					