

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: SB 222
AUTHOR: E. Alquist

BILL SUMMARY: Health Plans: Joint Ventures

Under current law, health care services are often delivered to Medi-Cal recipients at the county level via County Organized Health Systems (COHS), Local Initiatives (LI), Geographic Managed Care (GMC), or County Medical Services Programs (CMSP). These initiatives generally provide services to beneficiaries via contracts with private providers or with public entities such as county hospitals.

This bill would explicitly permit COHS', LI's, and GMC's to form joint ventures to offer health care coverage to individuals and groups who are not Medi-Cal participants. The bill also would allow CMSP's to participate in these joint ventures provided the joint venture is funded separately from the Program and does not impair its financial stability.

The bill would require plans that form joint ventures to contract with safety net providers and contract with a third party administrator to provide coverage under the joint venture.

FISCAL SUMMARY

The Department of Managed Health Care (DMHC) estimates first-year costs of up to \$100,000 per joint venture applicant.

The license application fee of \$25,000 would be insufficient to cover these costs. This could force DMHC to increase fees on other health care plan licensees to cover the difference.

Out-year costs are unknown but assumedly would be fully covered by annual licensing fees.

COMMENTS

Finance opposes this bill for the following reason:

- The bill would likely result in first-year costs for DMHC that would not be fully offset by licensing fees.

Analyst/Principal (0760) C. Hill Date Program Budget Manager Mark Hill 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/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014	
2400/MngedHltCare	SO	No	C	\$500		--		--	0933
<u>Fund Code</u>	<u>Title</u>								
0933	Managed Care Fund								