



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

April 17, 2017

The Honorable Jim Wood, Chair  
Assembly Health Committee  
State Capitol, Room 6005  
Sacramento, CA 95814

Dear Assemblymember:

ASSEMBLY BILL 1688 (AS AMENDED MARCH 16, 2017) - SUPPORT

The Department of Health Care Services is pleased to relay our support of Assembly Bill (AB) 1688, which is scheduled to be heard in the Assembly Health Committee on April 18, 2017. AB 1688 would repeal obsolete statute that exempted Alameda county acute care hospital services from the Department of Health Care Services' (DHCS) Medi-Cal utilization review (UR) process using treatment authorization requests (TARs).

In 2008, the Centers for Medicare and Medicaid Services instructed DHCS to begin moving Medi-Cal's 21 designated public hospitals (DPHs) from the current TAR process to one where the hospitals essentially conduct their own UR using evidence-based, standardized medical review criteria, with oversight by DHCS. In response, DHCS began a project to evaluate the fiscal impact of this new process in lieu of prior TAR submission for acute inpatient hospital stays. Given the success of the project, DHCS established the Medi-Cal Public Hospital Project (PHP). Under the PHP all 21 DPHs, including those in Alameda county, use InterQual® or MCG® (formerly known as Milliman Care Guidelines) in lieu of Medi-Cal's TAR process.

By 2018, all fee-for-service Medi-Cal acute care hospitals are expected to adopt, or have taken steps to adopt, this new process. This fully eliminates the TAR UR process for which the obsolete statute proposed to be eliminated by AB 1688 was originally intended. Repealing the obsolete statute would make clear that all Medi-Cal participating hospitals are subject to the same UR TAR requirements and DHCS oversight. AB 1688 would also align state law with current DHCS practice to perform federally required monitoring and oversight of Medi-Cal services.

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If you have any questions, please contact me at 440-7500.

Sincerely,

Original signed by

Carol Gallegos  
Deputy Director

cc: Co-Chair and Members, Assembly Health Committee  
Assembly Republican Caucus  
Assembly Floor Analysis