



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



EDMUND G. BROWN JR.
GOVERNOR

JUN 18 2013

The Honorable Mark Leno, Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

The Honorable Ricardo Lara, Chair
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Dear Senator Leno and Assemblymember Lara:

On behalf of the Department of Health Care Services (DHCS), which now administers the Selective Provider Contracting Program (SPCP) previously operated by the California Medical Assistance Commission (CMAC), I am issuing this letter as a report to your respective legislative committees as required pursuant to the following language contained in the Health Trailer Bill from the Budget Act of 2005:

“On an annual basis, the State Department of Health Services and the California Medical Assistance Commission shall provide fiscal information to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee on the funds provided to the contract hospitals participating in the Medi-Cal Program, and the health plans participating in the Medi-Cal Managed Care Program, for implementation of nurse-to-patient ratios.”

As noted in our letter dated December 1, 2011, Medi-Cal hospital payments are not specific to any single purpose or cost issue, nor do hospitals file with DHCS detailed cost and statistical data isolating the funds received or spent on the nurse-to-patient staffing ratios. The managed care base rates for each managed care plan have, for a number of years, fully incorporated the costs for nurse staffing. In addition, the result of a number of Medi-Cal budget reductions and other rate-related program changes since the trailer bill language was chaptered is that DHCS' data cannot provide valid comparisons of Medi-Cal expenditures before and after implementation of the nurse staffing ratios.

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Therefore, for the purposes of reporting requirements in the Health Trailer Bill from the Budget Act of 2005, we would like to refer your legislative committees to CMAC Annual Reports to the Legislature published at:

<http://www.dhcs.ca.gov/services/spcp/Pages/default.aspx>

On July 1, 2012 the California Medical Assistance Commission (CMAC) was eliminated and the Selective Provider Contracting Program (SPCP) was transferred to the Department of Health Care Services. The SPCP will remain in effect until the new discharge based Diagnosis-Related Groups (DRG) payment system is implemented, effective July 1, 2013, at which time there will no longer be contracted private hospitals. In light of these changes we suggest the reporting requirement in the Health Trailer Bill from the Budget Act of 2005 be eliminated.

If you have any questions or would like any additional information, please contact Ms. Pilar Williams, Safety Net Financing Division, at (916) 552-9113.

Sincerely,



Mari Cantwell
Chief Deputy Director
Health Care Programs

CC: Ms. Pilar Williams, Chief
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Mr. Keith Berger
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