STATE OF CALIFORNIA - HEALTH AND HUMAN SERVICES AGENCY

GRAY DAVIS, *Governor*

**DEPARTMENT OF HEALTH SERVICES**
714/744 P Street
P. O. Box 942732
Sacramento, CA 94234-7320
(916) 654-8076

February 17, 1999

MMCD All Plan Letter 99004

TO: Medi-Cal Managed Care Health Plans

SUBJECT: NEW LAWS FROM THE 1997-98 SESSION OF THE CALIFORNIA LEGISLATURE AFFECTING THE MEDI-CAL PROGRAM

The purpose of this letter is to provide a brief summary of the new laws affecting the operation of managed care plans (MCP) contracting with the Department of Health Services (DHS) Medi-Cal program. Enclosure I is a brief summary of some new laws recognized to impact the Medi-Cal Managed Care program. A complete copy of each new law is available on the World Wide Web from the California State Legislature's web site, { HYPERLINK "http://www.leginfo.ca.gov" }. Please be advised that the laws summarized are not all the changes in State law that may affect the business practices or daily operations of a contracting MCP.

Some new laws only affect the operation of Knox-Keene licensed health care service plans (HCSP), and enforcement is the responsibility of the Department of Corporations. Other laws change Medi-Cal benefits or contain requirements that apply only to MCPs contracting with the Medi-Cal program. These laws will be enforced by DHS and affect the operation of all various MCP models. Enclosure II summarizes the impact of the new laws on MCPs. Not every bill listed on Enclosure I is included on Enclosure II because some bills were determined to have no foreseeable impact on Medi-Cal MCPs. Also, this enclosure lists the general categories of submissions that a MCP may need to transmit to DHS for review and approval, or for informational purposes. Effective dates are those specified in each law. The original bill number and the 1998 chapter number is included for your information.

Each MCP is responsible to review and analyze the impact of new or revised statutes on their operations. Contractors are expected to timely implement statutory changes, and should not delay any required operational changes while the Medi-Cal Managed Care Division (MMCD) processes related contract amendments (See General Terms and Conditions of the Contract). In addition, MCPs are responsible for compliance with any regulatory requirements that are enforced by other state or federal entities.

MCPs are reminded that MCP contracts already require any reports (including encounter data), new or revised policies and procedures, subcontracts, and revisions to any member disclosure materials must be submitted to DHS. Review and approval may also be required before these various policies or documents are applied or distributed to enrolled Medi-Cal members. (See Article III, General Terms and Conditions of the Contract.) Please refer to your specific contract for the time frames to meet this existing contract requirement.

Where necessary, MMCD will issue policy letters to provide clarification regarding application of some laws to the Medi-Cal program. Those laws that are specific to Medi-Cal may also require DHS to promulgate new regulations as part of the implementation process. Generally, new Medi-Cal benefits, new DHS procedures, and new program requirements will require these types of activities in the future. Any future policy letters, All Plan letters, or proposed regulations will be distributed to contracting MCPs as they become available.

If you have questions about the specific requirements of a law(s) as applied to your contract and/or operation, please contact your contract manager for assistance.

For Susanne M. Hughes
Acting Chief
Medi-Cal Managed Care Division

Enclosures