



**Department of Health Care Services**



**LEGISLATIVE  
SUMMARY  
2010**

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DIRECTOR**

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**DEPARTMENT OF HEALTH CARE SERVICES  
LEGISLATIVE SUMMARY  
2010**

Compiled by the  
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**DEPARTMENT OF HEALTH CARE SERVICES**  
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## 2010-11 BUDGET BILLS

<u>BILL#</u>	<u>AUTHOR</u>	<u>CHAPTER #</u>	<u>SUBJECT</u>
SB 870	Ducheny	712	2010-11 Budget

## DEPARTMENT OF HEALTH CARE SERVICES

<u>BILL#</u>	<u>AUTHOR</u>	<u>CHAPTER #</u>	<u>SUBJECT</u>
SB 853	Committee on Budget and Fiscal Review	717	Health Trailer Bill

## CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

<u>BILL #</u>	<u>AUTHOR</u>	<u>CHAPTER #</u>	<u>SUBJECT</u>
AB 1628	Committee on Budget	729	Corrections Trailer Bill

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# LEGISLATIVE AND GOVERNMENTAL AFFAIRS

SB 853      Committee on Budget and Fiscal Review (Chapter 717)  
**HEALTH: BUDGET TRAILER BILL**

SB 853, sponsored by the Committee on Budget and Fiscal Review: (1) extends the rate reimbursement methodology for skilled nursing facilities (SNF) funded under the provisions of AB 1629 (Frommer, Chapter 875, Statutes of 2004) for one year, provides a General Fund neutral rate increase to SNFs in the 2010-11 and 2011-12 rate years, implements reforms to the current SNF rate methodology, and establishes a SNF Quality and Accountability Special Fund for the purpose of making supplemental payments to SNFs that meet or exceed predefined quality and accountability measures; (2) allows the Department of Managed Health Care (DMHC) to require licensed health care service plans to pay an additional assessment to provide DMHC with sufficient revenues to support costs associated with the financial, medical and adequacy monitoring functions performed related to mandatory enrollment of seniors and persons with disabilities (SPDs) into Medi-Cal managed care under the new 1115 Bridget to Reform Waiver; (3) makes implementation of the California Discount Prescription Drug Program contingent on an appropriation to the Department of Health Care Services (DHCS) and inactivates the statute if the program is not funded by February 2015; (4) extends the sunset date of the Managed Care Organization Tax (AB 1422, Chapter 157, Statutes of 2009) from December 30, 2010 to June 30, 2011; (5) makes exceptions to the Timely Filing Rule for Medi-Cal Third Party Liability; (6) deletes the requirement that DHCS pay a Medi-Cal beneficiary's Medicare Part B premium on a monthly basis regardless of whether the beneficiary's share of cost has been met for beneficiaries with a share of cost at or below \$500; (7) repeals the reduction of continuous eligibility for children from 12 months to 6 months through July 1, 2012; (8) redirects responsibility for negotiating contract terms and conditions for Geographic Managed Care contracts from the California Medical Assistance Commission to DHCS; (9) extends the sunset date on the rates payable by Medi-Cal managed care plans to noncontract hospitals for outpatient, emergency inpatient, and post-stabilization services (aka Rogers Amendment), from January 1, 2011 to January 1, 2012; (10) requires Medi-Cal fee-for-service reimbursement rates for radiology services to be capped at an amount not to exceed 80 percent of the Medicare rate for the same service, effective October 1, 2010; (11) imposes a rate freeze for inpatient hospital services to all hospitals except designated public hospitals until DHCS implements a new Medi-Cal inpatient hospital services reimbursement methodology based upon Diagnosis-Related Groups; (12) limits reimbursement of physician administered drugs and vaccines to the Medi-Cal pharmacy rate of reimbursement, or the Medicare rate if the pharmacy rate is less than the Medicare rate, unless federal law requires a higher reimbursement level; (13) eliminates non-legend acetaminophen-containing products as a Medi-Cal benefit, with the exception of children's Tylenol (acetaminophen); (14) allows the state to operate the Family PACT program under the State Plan Amendment in lieu of a waiver;

(15) makes changes to the requirements and process related to development of the County Administrative Cost Control Plan; (16) requires DHCS to enter into an interagency agreement with DMHC to have DMHC conduct financial audits, medical surveys, and a review of the provider networks of managed health care plans participating in the new 1115 Bridge to Reform Waiver; (17) freezes the risk adjustment percentage paid to Medi-Cal managed care plans, prior to October 1, 2011, at 20 percent of county specific average rate; (18) requires DHCS to provide quarterly reports to the Legislature on the progress of the transition and takeover efforts of the Medi-Cal Fiscal Intermediary Contract; (19) requires DHCS to undertake a study, with funding from foundations, of the existing California Children's Services program and to provide the study to interested stakeholders and the Legislature, no later than May 2011; and (20) requires DHCS to provide the Legislature with semiannual updates (in March and October of each year) regarding all of California's Medicaid waivers.

## **MEDI-CAL BENEFITS, WAIVER ANALYSIS & RATES**

AB 2173 Beall (Chapter 547)  
**EMERGENCY MEDICAL AIR TRANSPORTATION PROVIDERS: PENALTY LEVY: REIMBURSEMENT AUGMENTATION**

AB 2173, sponsored by the California Chapter of the Association of Air Medical Services, 1) levies an additional \$4 penalty upon every conviction for vehicle violations, except specified parking offenses; and 2) requires the county treasurer to deposit moneys collected into a newly established county emergency medical air transportation act fund and quarterly transfer of the moneys to the State Controller for deposit into the Emergency Medical Air Transportation Act Fund (Fund). The Fund will be used to draw down federal financial participation funds and augment Medi-Cal reimbursements paid to emergency medical air transportation service providers. The bill also specifies that moneys in the Fund be made available to reimburse DHCS, courts and counties for the expenses of administering the bill.

AB 2352 Perez, John A. (Chapter 676)  
**MEDI-CAL: ORGAN TRANSPLANTS: ANTI-REJECTION MEDICATION**

AB 2352, sponsored by the author, enables an individual who has lost Medi-Cal eligibility, and is no longer considered disabled, to remain eligible for a second year of anti-rejection medication, following an organ transplant.

AB 2645 Chesbro (Chapter 554)  
**MENTAL HEALTH: SKILLED NURSING FACILITIES (SNFs): REIMBURSEMENT RATE**

AB 2645, sponsored by the California Mental Health Directors Association, effective September 29, 2010, freezes the reimbursement rate for Institutions for Mental Diseases (IMD) facilities licensed as SNFs at the July 1, 2009, rate

from July 1, 2010, through June 30, 2012. The prior statute allowed the IMD reimbursement rates to increase by 4.7 percent on an annual basis.

SB 1392 Steinberg (Chapter 706)  
**MENTAL HEALTH: COMMUNITY MENTAL HEALTH SERVICES**

SB 1392, sponsored by the author, requires the Department of Mental Health (DMH) to allocate the full amount of the State General Fund (GF) appropriated by the Legislature to the county Medi-Cal mental health plans for Medi-Cal specialty mental health services at the beginning of each fiscal year by deleting the existing requirement that DMH distribute 95 percent of the State GF in any one fiscal year and withhold five percent of these funds until the following fiscal year.

## **MEDI-CAL DENTAL SERVICES**

AB 1783 Hayashi (Chapter 192)  
**LICENSED DENTIST: CHANGE OF LOCATION FORM**

AB 1783, sponsored by the California Dental Association, expands current law to allow Medi-Cal Dental Program (Denti-Cal) providers (individual dentists) who change business locations within the same county to utilize a change of location form instead of submitting a new enrollment package.

## **MEDI-CAL ELIGIBILITY**

AB 1628 Committee on Budget (Chapter 729)  
**CORRECTIONS**

AB 1628, sponsored by the Committee on Budget, is the Public Safety Trailer Bill necessary to implement the 2010/11 Budget. Effective October 19, 2010, as it relates to DHCS, authorizes the California Department of Corrections and Rehabilitation (CDCR) and DHCS to develop a process to allow the Medi-Cal program and the Coverage Expansion and Enrollment Demonstration (CEED) projects under the new 1115 Bridge to Reform Waiver to claim federal reimbursement for the costs of providing inpatient hospital services to adult Medi-Cal or CEED eligible inmates, when services are provided at a community hospital that is off the grounds of the correctional facility. AB 1628: 1) requires a CEED project to reimburse a provider for the delivery of inpatient hospital services rendered to eligible inmates; 2) requires counties seeking participation in CEED projects to enroll and serve former adult inmates (parolees) otherwise eligible for CEED projects; 3) requires the CDCR, with DHCS, to develop a process to reimburse counties for uncompensated county expenditures incurred by the CEED projects, including nonfederal share of costs for inpatient hospital services rendered to inmates under the CEED projects and services provided to adult former state inmates that would have otherwise been paid by CDCR; and 4) permits

DHCS to provide Medi-Cal eligibility and reimbursement for inpatient hospital services to inmates, as defined.

AB 1758 Ammiano (Chapter 561)  
**COUNTY WRAPAROUND SERVICES PROGRAM**

AB 1758, sponsored by the California Alliance of Child and Family Services, City and County of San Francisco, and the County Welfare Directors Association, changes the current Wraparound Services Program for Children, administered by the California Department of Social Services, from a statewide pilot project to a permanent program. AB 1758 clarifies that for children in the Wraparound Services Program, temporary placement of the child at home without a change in the child's status as a foster child or dependant of the court, shall not be cause for a redetermination of Medi-Cal eligibility, unless necessary to obtain federal financial participation.

SB 1399 Leno (Chapter 405)  
**PAROLE: MEDICAL PAROLE: PERMANENTLY MEDICALLY INCAPACITATED INMATES**

SB 1399, sponsored by the Federal Prison Health Care Receiver, allows California Department of Corrections and Rehabilitation (CDCR) to medically parole certain state prison inmates with physical or cognitive debilitating or incapacitating conditions if the Board of Parole Hearings determines that the conditions of release would not reasonably pose a threat to public safety. Medical parole shall not be granted to prisoners sentenced to death or a term of life without the possibility of parole. This bill requires that CDCR seek to enter into memoranda of understanding with the Social Security Administration, DHCS, and other entities to facilitate pre-release agreements to help inmates initiate benefits claims. In addition to providing procedural duties and requirements for CDCR and DHCS, this bill defines some of the payment, billing, and reimbursement requirements for health care services provided to these medical parolees.

## **MEDI-CAL MANAGED CARE**

AB 342 Perez, John A. (Chapter 723)  
**MEDI-CAL: DEMONSTRATION PROJECT WAIVERS**

AB 342, sponsored by the author, effective October 19, 2010, authorizes Coverage Expansion and Enrollment Demonstration (CEED) projects under the new 1115 Bridge to Reform Waiver. These projects will provide health care services to uninsured adults age 19 to 64, who are not otherwise eligible for Medicare or Medi-Cal, with incomes up to 133 percent of the federal poverty level (FPL). CEED project services may be made available to individuals with incomes between 134-200 percent of the FPL. AB 342 is double-joined to SB 208 (Steinberg, Chapter 714, Statutes of 2010) regular session.

AB 1602

Perez, John A. (Chapter 655)

**CALIFORNIA HEALTH BENEFIT EXCHANGE**

AB 1602, sponsored by the author, enacts the federal Patient Protection and Affordable Care Act (PPACA) for the State of California. The PPACA (1) specifies the powers and duties of the board governing the California Health Benefit Exchange (Exchange); (2) creates the California Health Trust Fund in the State Treasury, which would be continuously appropriated; (3) imposes various requirements on participating plans and insurers and commencing on January 1, 2014, on nonparticipating plans and insurers; and (4) authorizes the California Health Facilities Financing Authority to provide a working capital loan of up to \$5 million dollars to assist in the establishment and operation of the Exchange. The Exchange will be governed by a five-member executive board (Board) who will hire an executive director to administer operations of the Exchange. Two members of the Board will be appointed by the Governor, one by the Senate Committee on Rules, and one by the Assembly Speaker. The Secretary of the California Health and Human Services Agency will serve as a voting, ex officio member. AB 1602 is double-joined to SB 900 (Alquist, Chapter 659, Statutes of 2010), regular session.

Starting January 1, 2016, the Board will be required to conduct an annual audit and prepare a written report for the Legislature, on the implementation and performance of the Exchange functions during the preceding fiscal year. The report will include, at a minimum, the manner in which funds were expended and the progress and achievement of, the requirements of this statute. This report will be made available to the public on the Web site of the Exchange.

SB 208

Steinberg (Chapter 714)

**1115 BRIDGE TO REFORM WAIVER**

SB 208, sponsored by the author, effective October 19, 2010, allows DHCS to implement changes to the federal Section 1115 Waiver that expired on October 31, 2010. SB 208 implements provisions of the new 1115 Bridge to Reform Waiver except those sections addressing the Coverage Expansion and Enrollment Demonstration (CEED) projects that provide health care benefits for specified uninsured adults who are not otherwise eligible for Medicare or Medi-Cal. CEED provisions will be implemented by AB 342 (Perez, John A., Chapter 723, Statutes of 2010) which is double-joined to SB 208.

SB 208 allows the State to implement additional goals of the 1115 Bridge to Reform Waiver to (1) improve health care delivery systems and health care outcomes for seniors and persons with disabilities and persons dually eligible for both Medicare and Medi-Cal, and (2) establish pilot programs to unify care management for children with special health care needs currently served under Medi-Cal and the California Children Services program. SB 208

provides the programmatic changes that lay the foundation for the budget neutrality justification for the State to request \$10 billion in federal funds to cover the demonstration projects for five years as proposed in the new 1115 Bridge to Reform Waiver. The new 1115 Bridge to Reform Waiver will be a bridge to implementation of the federal Patient Protection and Affordable Care Act (PPACA), enacted in March 2010, which mandates full implementation of the PPACA by 2014.

Additionally, SB 208 makes technical and clarifying changes to the hospital provider fee enacted by AB 1383 (Jones, Chapter 627, Statutes of 2009), and as amended by AB 1653, (Jones, Chapter 218, Statutes of 2010), to conform to the Medi-Cal State Plan Amendment and modifications requested by the federal Centers for Medicare and Medicaid.

SB 900

Alquist (Chapter 659)

### **CALIFORNIA HEALTH BENEFIT EXCHANGE (EXCHANGE)**

SB 900, sponsored by the author, establishes the Exchange within state government as an independent public entity not affiliated with an agency or department. It also specifies the structure and duties/responsibilities of the executive board of the Exchange. SB 900 is double joined to AB 1602 (Perez, John A., Chapter 655, Statutes of 2010) regular session, which enumerates the powers and duties of the Exchange.

SB 900 requires the Director of the Department of Managed Health Care and the Insurance Commissioner to review an Internet portal developed by the United States Department of Health and Human Services and to jointly develop and maintain an electronic clearinghouse of coverage plans available in the individual and small employer markets if the federal Internet portal does not adequately achieve certain purposes.

## **SAFETY NET FINANCING**

AB 1653

Jones (Chapter 218)

### **MEDI-CAL: HOSPITALS: MANAGED HEALTH CARE PLANS: MENTAL HEALTH PLANS: QUALITY ASSURANCE FEE**

AB 1653, effective September 8, 2010, sponsored by the California Children's Hospital Association, California Hospital Association, and Daughters of Charity Health System, revises the Medi-Cal hospital provider fee and supplemental payments enacted by AB 1383 (Jones, Chapter 627, Statutes of 2009). AB 1383 established a Quality Assurance Fee (QAF) program with hospitals funds matched with federal funds, and distributed as supplemental payments to hospitals, increased capitation payments to managed health care plans, and increased payments to mental health plans. AB 1653: 1) alters the methodology, timing, and frequency of supplemental payments, increases capitation payments, and increases payments to mental health plans; 2) allows DHCS to proceed with implementing the QAF when federal approval has been received; 3) requires DHCS to seek approval from the

federal government to make payments to hospitals that meet the definition of a converted hospital and are also non-designated public hospitals; and 4) deletes the requirement for hospitals to certify that they have the funds to pay the QAF.

AB 2599 Bass (Chapter 267)  
**MEDI-CAL: SOUTH LOS ANGELES**

AB 2599, sponsored by the University of California and the County of Los Angeles, enacts Medi-Cal funding provisions for establishment of a private nonprofit hospital to serve the population of South Los Angeles formerly served by the Los Angeles Martin Luther King Jr.-Harbor Hospital which closed in 2007. The bill authorizes the new hospital to negotiate an inpatient hospital contract, and provides specified reimbursement if a contract is not negotiated.

## **THIRD PARTY LIABILITY AND RECOVERY**

AB 2780 Solorio (Chapter 611)  
**WORKERS' COMPENSATION: INDIVIDUALLY IDENTIFIABLE INFORMATION**

AB 2780, effective September 30, 2010, and sponsored by Health Management Systems, authorizes the Department of Industrial Relations to release individually identifiable information to DHCS for purposes of recovering Medi-Cal costs incurred by the state for services provided to injured workers that should have been paid by employers or workers' compensation insurance carriers.

## 2010 ENROLLED BILLS

BILL NUMBER	AUTHOR	FINAL STATUS	CHAPTER	PROGRAM*	PAGE NUMBER
AB 113	Portantino	Veto		MC	---
AB 342	Perez, John A.	Sign	723	MC	4
AB 542	Feuer	Veto		MB	---
AB 1593	Yamada	Veto		MB	---
AB 1602	Perez, John A.	Sign	655	MC	5
AB 1628	Committee on Budget	Sign	729	ME	3
AB 1653	Jones	Sign	218	SF	6
AB 1758	Ammiano	Sign	561	ME	4
AB 1783	Hayashi	Sign	192	MD	3
AB 2072	Mendoza	Veto		SC	---
AB 2173	Beall	Sign	547	MB	2
AB 2274	Beall	Veto		LT	---
AB 2352	Perez, John A.	Sign	676	MB	2
AB 2599	Bass	Sign	267	SF	7
AB 2645	Chesbro	Sign	554	MB	2
AB 2780	Solorio	Sign	611	TR	7
SB 56	Alquist	Veto		MC	---
SB 208	Steinberg	Sign	714	MC	5
SB 853	Committee on Budget and Fiscal Review	Sign	717	LA	1
SB 900	Alquist	Sign	659	MC	6
SB 971	Pavley	Veto		SC	---
SB 1091	Hancock	Veto		ME	---
SB 1392	Steinberg	Sign	706	MB	3
SB 1399	Leno	Sign	405	ME	4

\*See Program Assignments and Acronyms on Next Page.

## PROGRAM ASSIGNMENTS AND ACRONYMS

PROGRAM	CODE
Administration	AD
Audits and Investigations	AI
Budget Office	BO
Civil Rights, Office of	CR
Fiscal Intermediary & Contracts Oversight	FC
Fiscal Forecasting & Data Management	FF
HIPAA Compliance, Office of	HC
Health Care Policy	HP
Information Technology	IT
Legislative and Governmental Affairs, Office of	LA
Legal Services	LG
Long-Term Care	LT
Medi-Cal Benefits, Waivers Analysis and Rates	MB
Medi-Cal Managed Care	MC
Medi-Cal Eligibility	ME
Public Affairs, Office of	PA
Pharmacy Benefits	PB
Provider Enrollment	PE
Primary & Rural Health	RH
Systems of Care	SC
Safety Net Financing	SF
Third Party Liability & Recovery	TR
Utilization Management	UM
Women's Health, Office of	WH

## SIGN MESSAGES

(Sign and Veto messages are available on [www.leginfo.ca.gov](http://www.leginfo.ca.gov))

There are no sign messages available.

## VETO MESSAGES

<u>BILL#</u>	<u>AUTHOR</u>	<u>SUBJECT</u>	<u>DIV</u>
AB 113	Portantino	Health Care Coverage: Mammographies	MC
AB 542	Feuer	Hospital Acquired Conditions	MB
AB 1593	Yamada	Adult Day Health Care Centers	MB
AB 2072	Mendoza	Hearing Screening: Resources and Services	SC
AB 2274	Beall	In-Home Supportive Services Program	LT
SB 56	Alquist	Health Plans: Joint Ventures	MC
SB 971	Pavley	Bleeding Disorders: Blood Clotting Products	SC
SB 1091	Hancock	Medi-Cal: Individuals in County Juvenile Detention Facilities	ME