

BILL NUMBER: AB 1075 CHAPTERED  
BILL TEXT

CHAPTER 684  
FILED WITH SECRETARY OF STATE OCTOBER 10, 2001  
APPROVED BY GOVERNOR OCTOBER 10, 2001  
PASSED THE SENATE SEPTEMBER 13, 2001  
PASSED THE ASSEMBLY SEPTEMBER 13, 2001  
AMENDED IN SENATE SEPTEMBER 12, 2001  
AMENDED IN ASSEMBLY JUNE 4, 2001  
AMENDED IN ASSEMBLY APRIL 18, 2001

INTRODUCED BY Assembly Member Shelley  
(Principal coauthors: Assembly Members Florez and Horton)  
(Coauthors: Assembly Members Alquist, Aroner, Calderon, Cardenas,  
Chan, Chavez, Cohn, Corbett, Diaz, Frommer, Goldberg, Havice,  
Keeley, Kehoe, Koretz, Liu, Longville, Lowenthal, Nakano, Nation,  
Salinas, Strom-Martin, Vargas, Washington, and Wiggins)  
(Principal coauthor: Senator Ortiz)  
(Coauthors: Senators Alarcon, Burton, Chesbro, Dunn, Karnette,  
Kuehl, Perata, Romero, Soto, and Torlakson)

FEBRUARY 23, 2001

An act to add Section 1276.65 to the Health and Safety Code, and to amend Section 14126.02 of the Welfare and Institutions Code, relating to health facilities.

SEC. 3. Section 14126.02 of the Welfare and Institutions Code is amended to read:

14126.02. (a) It is the intent of the Legislature to devise a Medi-Cal long-term care reimbursement methodology that more effectively ensures individual access to appropriate long-term care services, promotes quality resident care,

advances decent wages and benefits for nursing home workers, supports provider compliance with all applicable state and federal requirements, and encourages administrative efficiency.

(b) (1) The department shall implement a facility-specific rate-setting system by August 1, 2004, subject to federal approval, that reflects the costs and staffing levels associated with quality of care for residents in nursing facilities, as defined in subdivision (k) of Section 1250 of the Health and Safety Code, which shall include hospital-based nursing facilities.

(2) The department shall examine several alternative rate methodology models for a new Medi-Cal reimbursement system for skilled nursing facilities to include, but not be limited to, consideration of the following:

(A) Classification of residents based on the resource utilization group system or other appropriate acuity classification system.

(B) Facility specific case mix factors.

(C) Direct care labor based factors.

(D) Geographic or regional differences in the cost of operating facilities and providing resident care.

(E) Facility-specific cost based rate models used in other states.

(c) The department shall submit to the Legislature a status report on the implementation of this section on April 1, 2002, April 1, 2003, and April 1, 2004.

(d) The alternatives for a new system described in paragraph (2) of subdivision (b) shall be developed in consultation with recognized experts with experience in long-term care reimbursement, economists, the Attorney General, the federal Centers for Medicare and Medicaid Services, and other interested parties.

(e) In implementing this section, the department may contract as necessary, on a bid or nonbid basis, for professional consulting services from nationally recognized higher education and research institutions, or other qualified individuals and entities not associated with a skilled nursing facility, with demonstrated expertise in long-term care reimbursement systems. The rate-setting system specified in subdivision (b) shall be developed with all possible expedience. This subdivision establishes an accelerated process for issuing contracts pursuant to this section and contracts entered into pursuant to this subdivision shall be exempt from the requirements of Chapter 1 (commencing with Section 10100) and Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contracts Code.

SEC. 4. The State Department of Health Services may adopt emergency regulations to implement the applicable provisions of this act in accordance with rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The initial adoption of emergency regulations and one readoption of the initial regulations shall be deemed to be an emergency and necessary

for the immediate preservation of the public peace, health, and safety or general welfare. Initial emergency regulations and the first readoption of those regulations shall be exempt from review by the Office of Administrative Law. The initial emergency regulations and the first readoption of those regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations and each shall remain in effect for no more than 180 days.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.