

## **Assembly Bill No. 430**

### **CHAPTER 171**

An act to amend Section 95004 of the Government Code, to amend Sections 1395, 1417.4, 1799.204, 102247, 103625, 103641, 116590, 124035, 124040, and 124710 of, to add Article 1.3 (commencing with Section 104150) to Chapter 2 of Part 1 of Division 103 of, to add Chapter 3.75 (commencing with Section 1797.198) to Division 2.5 of, to add Part 3.5 (commencing with Section 104896) to Division 103 of, to repeal Sections 102250, 103640, and 116600 of, and to repeal and add Article 1.5 (commencing with Section 104160) of Chapter 2 of Part 1 of, the Health and Safety Code, to amend Sections 12693.325, 12693.70, 12693.755, 12693.76, and 12693.98 of, and to add Sections 12693.981 and 12693.982 to, the Insurance Code, to amend Sections 4094.2, 4107, 4136, 4356, 4359, 4598.5, 4631, 4640.6, 4685.5, 4731, 5675, 5839, 6600.05, 14005.7, 14005.30, 14005.40, 14053.1, 14087.325, 14105.33, 14126.02, and 16809 of, to add Sections 4427.5, 4643.3, 14007.45, 14007.71, 14011.2, 14011.6, 14017.6, 14017.7, 14105.27, and 14110.65 to, to repeal Section 14105.8 of, and to repeal and add Section 14089.7 of, the Welfare and Institutions Code, and to repeal Section 147 of Chapter 722 of the Statutes of 1992, relating to health, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

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 review the current Medi-Cal reimbursement system to evaluate the extent to which the methodology supports the objectives stated in subdivision (a). The scope of the review shall encompass the structure currently used for peer groups, audits, projections, updates and other rate development factors that have an impact on the quality of care.

(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.

(c) On or before April 1, 2002, the department shall submit to the Legislature a formal report and proposal for any statutory changes necessary to implement recommendations related to best meeting the objectives stated in subdivision (a) and the costs associated with any changes.

(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 review specified in subdivision (b) shall be conducted 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.