

**Department of Health Care Services  
Proposed Trailer Bill Legislation**

**Medi-Cal Provider Rates**

**FACT SHEET**

**Issue Title: Provider Rate Changes.** This proposal updates existing law to authorize the Department of Health Care Services (DHCS) to implement elimination of certain payment reductions to address the impacts of COVID-19 and improve access to services. Additionally, the proposal authorizes DHCS to maintain certain reimbursement rates or payments using General Fund instead of the Healthcare Treatment Fund.

**Background:** AB 97 (Chapter 3, Statutes of 2011) required the Department to implement up to a 10% provider payment reduction, which affected all services except:

- Hospital inpatient and outpatient services, critical access hospitals, federal rural referral centers,
- Federally Qualified Health Centers (FQHCs)/Rural Health Clinics (RHCs),
- Services provided through the Breast and Cervical Cancer Treatment and Family Planning, Access, Care and Treatment (Family PACT) programs,
- Hospice services,
- Payments to facilities owned or operated by the State Department of State Hospitals or the State Department of Developmental Services, and
- Payments funded by certified public expenditures and intergovernmental transfers.

Subsequent actions have expanded the list of services exempted from payment reduction. This proposal will further expand the exemptions for services provided on or after July 1, 2022, for the following services and providers:

- Nurses, including certified nurse-midwives, nurse anesthetists, certified pediatric nurse practitioners, certified family nurse practitioners, and group certified pediatric nurse practitioners;
- Alternative birth centers;
- Audiologists and hearing aid dispensers;
- Respiratory care providers;
- Durable medical equipment that are considered to be oxygen and respiratory equipment;
- Chronic dialysis clinics;
- Emergency air medical transportation services;
- Non-emergency medical transportation services;
- Doula services;
- Community health worker services;
- Continuous glucose monitoring system or continuous glucose monitoring system supplies and accessories;
- Health care services delivered via remote patient monitoring;
- Asthma prevention services;
- Medication Therapy Management; and
- Dyadic services.

The California Healthcare, Research, and Prevention Tobacco Tax Act (Proposition 56,

2016), increased the excise tax rate on cigarettes and tobacco products and allocates a portion of the tobacco tax revenue to the Department for use as the non-federal share of health care expenditures, subject to appropriation by the Legislature. DHCS proposes to transition the funding source of the following Proposition 56 provider rate increases and supplemental payments to General Fund:

- AIDS Waiver Services;
- Pediatric Day Health Centers;
- Home health providers;
- Community-based adult services;
- Developmental screenings for individuals 0-3 years of age;
- Adverse Childhood Experiences (ACEs) trauma screenings;
- Non-emergency medical transportation;
- Intermediate Care Facilities; and
- Pediatric Subacute Facilities.

These statutory changes will authorize DHCS to maintain the payment levels in effect on December 31, 2021, including rate increases, supplemental payments, or both utilizing General Fund as the non-federal matching fund share replacing funds from the Health Care Treatment Fund.

Note, that additional statutory changes are not necessary for Intermediate Care Facilities and Pediatric Subacute Facilities as Assembly Bill 133 (Chapter 143, Statutes of 2021) authorized the maintenance of reimbursement levels for those providers.

### **Justification for the Change:**

The Medi-Cal Comprehensive Quality and Equity Strategy focuses on building a foundation of preventive care, patient-centered chronic disease management, and whole-person care for high risk populations. The three target populations within the Medi-Cal Comprehensive Quality and Equity Strategy includes:

1. Children's Preventive Care;
2. Behavioral Health Integration; and
3. Maternity Outcomes and Birth Equity.

DHCS proposes to eliminate payment reductions for the select providers to address the impacts of COVID-19, improve access to services and meet aggressive quality and equity goals in alignment with the Medi-Cal Comprehensive Quality and Equity Strategy by removing reimbursement barriers. Additionally, DHCS proposes to eliminate payment reductions for newly authorized services (i.e. doula services; community health workers; continuous glucose monitoring system or continuous glucose monitoring system supplies and accessories; health care services delivered via remote patient monitoring; asthma prevention services; Medication Therapy Management; and dyadic services).

DHCS proposes to transition certain Proposition 56 payments to ongoing General Fund support as Proposition 56 revenues have declined over time and are insufficient to support all current Proposition 56 payments beginning in Fiscal Year 2022-23. This proposal allows DHCS to maintain reimbursement levels for these critical providers and services.

**Summary of Arguments in Support:** Increases or maintains reimbursement to improve access to services, meet aggressive quality and equity goals in alignment with the Medi-Cal Comprehensive Quality and Equity Strategy and address impacts of COVID-19.

**Estimate Issue # and Title: PC 267: AB 97 Eliminations and PC 179: Proposition 56 Funding.**