



DAVID MAXWELL-JOLLY  
Director

State of California—Health and Human Services Agency  
**Department of Health Care Services**



ARNOLD SCHWARZENEGGER  
Governor

Date: January 14, 2009

MMCD All Plan Letter 09-001

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: 2008 CHAPTERED LEGISLATION AFFECTING, OR OF INTEREST TO  
MEDI-CAL MANAGED CARE PLANS

This letter provides summary information on bills that were chaptered in 2008 and effect or may be of interest to Medi-Cal managed care plans that contract with the Department of Health Care Services (DHCS). You can view a brief summary of each bill in the Department's 2008 Legislative Summary, which is on the DHCS website at: <http://www.dhcs.ca.gov/formsandpubs/publications/Pages/LegSummary.aspx> You can view complete copies of these bills on the California State Legislature's website at: <http://www.leginfo.ca.gov/>

The following is a brief summary of two chaptered bills that affect or may be of interest to Medi-Cal managed care plans:

**Assembly Bill 1183 (Chapter 758, Statutes of 2008)** was the health budget trailer bill for FY 2008-09. The budget trailer bill contained two specific provisions that directly affect the Medi-Cal managed care program as follows:

- Sets payment limits for Medi-Cal managed care plans to non-contracted hospitals for outpatient, emergency inpatient, and post-stabilization services until January 1, 2011. (Section 42)
- Requires DHCS to provide preliminary capitation rates to County Organized Health Systems plans by June 30<sup>th</sup> of each year or no later than 5 days after the budget is signed if the June 30<sup>th</sup> deadline has passed. (Section 61).

**Assembly Bill 1894 (Chapter 631, Statutes of 2008)**

- Requires individual or group health care service plan contracts and health insurers, on or after January 1, 2009, to provide coverage for human immunodeficiency virus (HIV) testing regardless of whether the testing is related to a primary diagnosis. This benefit is already available to Medi-Cal managed care enrollees.

MMCD All-Plan Letter 09-001

Page 2 of 2

January 14, 2009

**Please be advised that the chaptered legislation summarized does not reflect all changes in State law that may affect the business practices or daily operations of contracting managed care plans.**

**Each managed care plan is responsible for reviewing and analyzing the impact of chaptered legislation on its operations. Contracted managed care plans must implement statutory changes as required by the effective date of each chaptered bill and should not delay any required operational changes while the Medi-Cal Managed Care Division (MMCD) processes related contract amendments. In addition, managed care plans are responsible for compliance with any regulatory requirements that are enforced by other state or federal entities. Please see "General Terms and Conditions" of your contract.**

**DHCS reminds managed care plans that, due to these legislative actions, it may amend your contracts to require the following changes: new or revised reports and data submissions, policies and procedures, provider directories, member informing materials, or subcontracts. Your contract may require DHCS review and approval before you implement these changes. Please refer to your specific contract for approval requirements and time frames.**

**When necessary, MMCD will issue policy letters to clarify the application of some new laws to the Medi-Cal managed care program. Laws that contain provisions specific to Medi-Cal may require DHCS to promulgate new regulations as part of the implementation process.**

**If you have questions about how a specific chaptered bill affects your Medi-Cal managed care plan contract, please contact your contract manager.**

Sincerely,



**Vanessa M. Baird, Chief  
Medi-Cal Managed Care Division**