

**DEPARTMENT OF HEALTH SERVICES**

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## MMCD Policy Letter 98-01

TO:            Prepaid Health Plans  
                  Geographic Managed Care Plans  
                  County    **Organized Health Systems** ,  
                  Two-Plan Model Health Plans

SUBJECT:    **NEWBORNS' AND MOTHERS' HEALTH ACT OF 1997**

**PURPOSE**

The purpose of this letter is to remind **Medi-Cal** managed care plans that are licensed under the provisions of the Knox-Keene Health Care Service Plan Act of 1975 about the requirements of the Newborns' and Mothers' Health Act of 1997.

**BACKGROUND**

The Newborns' and Mothers' Health Act of 1997 (**NMHA**) was established in Assembly Bill 38, which was chaptered on August 26, 1997 (Chapter 389, Statutes of 1997). An urgency clause requires immediate implementation for all affected health care service plan (**HCSP**) contracts.

The provisions of the NMHA are consistent with the requirements of House Resolution (**HR**) 3666, enacted by Congress and signed into law in 1996, regarding length of stay for mothers and newborns. HR 3666 provided that a state could preempt its requirements by adopting state legislation that met certain conditions. California met the required conditions in enacting the NMHA. Thus, California's NMHA preempts the federal law.

The NMHA adds Section 1367.62 to Article 5 of the Health and Safety Code (Knox-Keene). The new section specifies medical practice standards for care and benefits

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that must be offered to all **mothers** and their newborns. Specifically, the law prohibits a HCSP from restricting the length of stay for a mother and her newborn to a time period of less than 48 hours following a vaginal delivery and less than 96 hours following a delivery by caesarean section. Length of stay is **calculated** beginning with the time of delivery. The coverage for the inpatient hospital stay may be less if certain conditions are met:

1. The decision to discharge the mother and her newborn is made by the treating physicians in consultation with the mother.
2. Coverage is provided for a post-discharge visit for the mother and her newborn within **48** hours of discharge by a licensed health care provider whose scope of practice includes post **partum** care and newborn care. The visit must include, at a minimum, parent education, assistance and training in breast feeding or bottle feeding, and the performance of any necessary maternal or **neonatal** physical assessments. Appropriate locations for post discharge follow-up visits, when required, include the mother's home, the plan's facility, or the treating provider's **office** after considering such factors as the transportation needs of the family and environmental and social risks.

HCSPs may not require prior authorization for any of the benefits prescribed under the NMHA. Further, written and verbal notification of this benefit is required to be provided to members or enrollees during the course of their prenatal care and in any "Evidence of Coverage" issued on or after January 1, 1998. HCSPs are not allowed to offer monetary payments or rebates to mothers to encourage them to accept less than the minimum coverage. HCSPs also are not allowed to offer incentives to providers to induce them to provide care in a manner inconsistent with the coverage requirements. HCSPs may not deny eligibility or continued eligibility, or to enroll or renew coverage solely to avoid the coverage requirements.

The NMHA is effective for all HCSP contracts that are issued, amended, renewed, or delivered on or after the effective date of the Act, August 26, 1997.

## POLICY

Knox-Keene licensed Medi-Cal managed care plans whose contracts are amended, issued, or renewed on or after August 26, 1997, are subject to and must comply with the NMHA in rendering care to their Medi-Cal members effective with the execution date of the contract or the amendment, whichever is applicable. For those plans that operate in more than one county under their Medi-Cal contracts, the implementation of the NMHA provisions apply to all counties of operation included in the contract **simultaneously**, unless a specific geographic area of operation is excluded from their Knox-Keene license.

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## DISCUSSION

Each effected **Medi-Cal** plan is expected to take action to implement the provisions of the NMHA in a manner that is consistent with the provisions of Section 1367.62 of the Health and Safety Code. Plans are reminded that such actions may include, but are not limited to, written notification to members, providers, and facilities; revision of member informing **materials**; changes in utilization review procedures at all levels of delegation for this function; modification of prior authorization requirements and claims processing for providers and facilities; and revision of policies and procedures regarding retrospective review of medical necessity.

The need for **modifications to** existing subcontract arrangements between a health plan and individual providers or facilities is best assessed by the health plan. It is the responsibility of the contracting health plan to promptly and clearly communicate to each subcontracting provider of newborn and maternity care services the effective date for changes in each county of their operations.

Plans are reminded that proposed changes to member-informing materials, policies, and procedures are required to be submitted to their contract manager for review and approval as specified in their contracts. **Any** amendments to existing subcontracts with providers should be submitted to the contract manager for review and approval as soon as these amendments are available.

County Organized Health Systems (COHS) are not licensed under Knox-Keene and, therefore, are not directly affected by NMHA; however, Knox-Keene licensed **HCSPs** that contract with a COHS and which cover and provide maternity and newborn care to COHS members are subject to requirements of NMHA under the same conditions applicable to all Knox-Keene licensed **HCSPs**.

Any questions regarding the implementation of the NMHA should be directed to your contract **manager**.



“Ann-Louise **Kuhns**, Chief  
Medi-Cal Managed Care Division