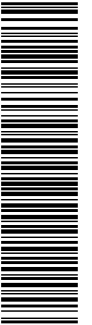


An act to amend Section 14188.1 of, and to repeal and add Section 14188.4 of, the Welfare and Institutions Code, and to repeal Section 69 of Chapter 12 of the Statutes of 2020, relating to Medi-Cal.

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14188.1 of the Welfare and Institutions Code is amended to read:

14188.1. Subject to Section 14188, the department shall develop all of the following VBP programs:

(a) A VBP program that is aimed at improving behavioral health integration in Medi-Cal managed care.

(1) Designated Medi-Cal managed care plans ~~shall make~~ may earn incentive payments ~~to for achieving milestones and measures through partnerships with~~ qualified network providers that adopt a team-based care approach for individuals with serious mental health conditions or other chronic health conditions.

(2) ~~Qualified network providers may be eligible for different levels of incentive payments, Different levels of incentive payments may be available depending on the level of integration, using either a coordination or collocation approach. The qualified network providers may be eligible for partial incentive payments~~ Partial incentive payments may be available for meeting above-minimum standards.

(3) The requirements for receiving an incentive payment and the methodology for determining the value of the payment shall be determined by the department, in accordance with this article.

(b) A VBP program that is aimed at improving prenatal and postpartum care in Medi-Cal managed care.

(1) Designated Medi-Cal managed care plans shall make incentive payments to qualified network primary care or appropriate specialist providers that meet achievement levels on selected prenatal and postpartum care measures, as determined by the department.

(2) Qualified network primary care or appropriate specialist providers may be eligible for maximum incentive payments if they meet the designated high-performance standards, and partial incentive payments for meeting above-minimum standards.

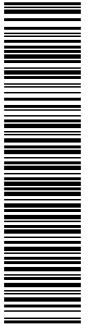
(3) The requirements for receiving an incentive payment and the methodology for determining the value of the payment shall be determined by the department, in accordance with this article.

(c) A VBP program that is aimed at improving chronic disease management in Medi-Cal managed care.

(1) Designated Medi-Cal managed care plans shall make incentive payments to qualified network providers that meet achievement levels on selected chronic disease care measures, as determined by the department. The measures shall be in chronic disease care areas, including, but not limited to, diabetes care and control of hypertension, using measures currently recognized for those areas in the Healthcare Effectiveness Data and Information Set (HEDIS) or other nationally recognized measures that the department deems appropriate.

(2) Qualified network providers may be eligible for maximum incentive payments if they meet the designated high-performance standards, and partial incentive payments for meeting above-minimum standards.

(3) The requirements for receiving an incentive payment and the methodology for determining the value of the payment shall be determined by the department, in accordance with this article.



(d) A VBP program that is aimed at improving quality and outcomes for children in Medi-Cal managed care.

(1) Designated Medi-Cal managed care plans shall make incentive payments to qualified network providers that meet achievement levels on selected childhood health care quality measures, as determined by the department. The measures shall be developed using measures currently recognized for those areas in HEDIS or other nationally recognized measures that the department deems appropriate.

(2) Qualified network providers may be eligible for maximum incentive payments if they meet the designated high-performance standards, and partial incentive payments for meeting above-minimum standards.

(3) The requirements for receiving an incentive payment and the methodology for determining the value of the payment shall be determined by the department, in accordance with this article.

(e) (1) Notwithstanding any other law, this section shall become inoperative on July 1, 2021 pursuant to the suspension described in subdivision (a) of Section 14188.4 unless otherwise provided by Section 14188.4.

(2) To the extent applicable, the department shall withdraw any request for federal approval it submitted to implement this article as it read prior to the changes made to this article by the act that added this subdivision.

SEC. 2. Section 14188.4 of the Welfare and Institutions Code is repealed.

14188.4. (a) Notwithstanding any other law, the authority for the State Department of Health Care Services to make value-based payments pursuant to this article shall be suspended for payments associated with service periods on or after July 1, 2021, unless the conditions in either subdivision (b) or (d) apply.

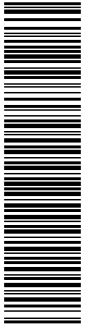
(b) The suspension provided for in subdivision (a) shall not take effect if the estimates of General Fund revenues and expenditures for the 2021–22 and 2022–23 fiscal years, as determined pursuant to Section 12.5 of Article IV of the California Constitution that accompany the May Revision required to be released by May 14, 2021, pursuant to Section 13308 of the Government Code, contain estimated annual General Fund revenues that exceed estimated annual General Fund expenditures for the 2021–22 and 2022–23 fiscal years, by an amount equal to or greater than the sum total of all General Fund appropriations for all programs subject to suspension pursuant to this act and all bills providing for appropriations related to this act.

(c) It is the intent of the Legislature to consider alternative solutions to restore this program if the suspension takes effect.

(d) (1) The suspensions pursuant to subdivision (a) shall be implemented only to the extent that the State Department of Health Care Services obtains any necessary federal approvals, determines that federal financial participation for the Medi-Cal program is not otherwise jeopardized as a result of the suspensions, and the necessary system changes have been completed.

(2) In the event federal approval is not available for any such suspension, or if any such suspensions are held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, the department shall implement the remaining suspensions for which any necessary federal approvals are obtained.

SEC. 3. Section 14188.4 is added to the Welfare and Institutions Code, to read:



14188.4. (a) Notwithstanding any other law, the department shall only implement the payments described under Section 14188.1 for a service period during a state fiscal year subject to appropriation by the Legislature for that state fiscal year.

(b) This section shall be implemented only to the extent that the department obtains any necessary federal approvals and determines that federal financial participation is not otherwise jeopardized.

(c) Notwithstanding any other law, this section shall supersede any law suspending authority for any program described in Section 14188.1. The law on suspending authority includes, but is not limited to, provisions under the Budget Act of 2019, the Budget Act of 2020, and enacted legislation providing for appropriations related to those acts.

(d) The Legislature finds and declares that this section complies with all of the following:

(1) Made in accordance with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Article 2.5 (commencing with Section 30130.50) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code).

(2) Based on criteria developed and periodically updated as part of the annual state budget process, in accordance with subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.

(3) Consistent with the purposes and conditions of expenditures described in subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.

SEC. 4. Section 69 of Chapter 12 of the Statutes of 2020 is repealed.

~~SEC. 69. (a) Notwithstanding any other law, the authority for the State Department of Health Care Services to make supplemental payments or rate increases pursuant to Section 30130.55 of the Revenue and Taxation Code for the below described service categories shall be suspended for such payments associated with service periods on or after July 1, 2021, unless the conditions in either subdivision (b) or (d) apply:~~

~~(1) Physician Services.~~

~~(2) Dental Services.~~

~~(3) Intermediate Care Facilities for the Developmentally Disabled.~~

~~(4) Facilities providing continuous skilled nursing care to developmentally disabled individuals pursuant to the pilot project established by Section 14132.20 of the Welfare and Institutions Code.~~

~~(5) HIV/AIDS waiver providers.~~

~~(6) Home health providers for children and adults in the Medi-Cal fee-for-service system or through home and community-based service waivers.~~

~~(7) Pediatric day health care facilities in the Medi-Cal fee-for-service system.~~

~~(8) Trauma screenings for children and adults.~~

~~(9) Developmental screenings for children.~~

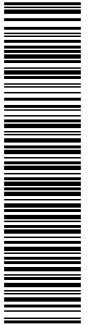
~~(10) Provider training for trauma screenings.~~

~~(11) Stand-alone Pediatric Subacute Facilities.~~

~~(12) Community-Based Adult Services.~~

~~(13) Nonemergency medical transportation.~~

~~(b) The suspension provided for in subdivision (a) shall not take effect if the estimates of General Fund revenues and expenditures for the 2021–22 and 2022–23 fiscal years, as determined pursuant to Section 12.5 of Article IV of the California Constitution that accompany the May Revision required to be released by May 14,~~



~~2021, pursuant to Section 13308 of the Government Code, contain estimated annual General Fund revenues that exceed estimated annual General Fund expenditures for the 2021–22 and 2022–23 fiscal years, by an amount equal to or greater than the sum total of all General Fund appropriations for all programs subject to suspension pursuant to this act and all bills providing for appropriations related to this act.~~

~~(e) It is the intent of the Legislature to consider alternative solutions to restore this program if the suspension takes effect.~~

~~(d) (1) The suspensions pursuant to subdivision (a) shall be implemented only to the extent that the State Department of Health Care Services obtains any necessary federal approvals, determines that federal financial participation for the Medi-Cal program is not otherwise jeopardized as a result of the suspensions, and the necessary system changes have been completed.~~

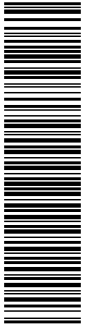
~~(2) In the event federal approval is not available for any such suspension, or if any such suspensions are held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, the department shall implement the remaining suspensions for which any necessary federal approvals are obtained.~~

~~(e) The Legislature finds and declares that the suspension of payments pursuant to this section is:~~

~~(1) Made in accordance with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Article 2.5 (commencing with Section 30130.50) of Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code).~~

~~(2) Based on criteria developed and periodically updated as part of the annual state budget process, in accordance with subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.~~

~~(3) Consistent with the purposes and conditions of expenditures described in subdivision (a) of Section 30130.55 of the Revenue and Taxation Code.~~



## LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_.  
General Subject: Medi-Cal: supplemental payments to providers.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions.

Existing law, the California Healthcare, Research and Prevention Tobacco Tax Act of 2016, which was approved by voters as Proposition 56 at the November 8, 2016, statewide general election, increases taxes imposed on distributors of cigarettes and tobacco products and allocates a specified percentage of those revenues to the department to increase funding for the Medi-Cal program, in a manner that, among other things, ensures timely access, limits specific geographic shortages of services, or ensures quality care. Existing law establishes the Healthcare Treatment Fund for this purpose.

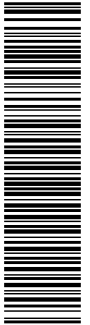
Existing law authorizes the department to use those funds to make supplemental payments or rate increases for specified service categories, including physician services, dental services, and home health providers, and programs, including value-based payment (VBP) programs. Existing law suspends the department's ability to make those supplemental payments and rate increases after July 1, 2021, unless specified conditions apply, including that the estimates of General Fund revenue and expenditures for the 2021–22 and 2022–23 fiscal years contain estimated annual General Fund revenues that exceed estimated annual General Fund expenditures for those fiscal years by an amount equal to or greater than the sum total of all General Fund appropriations for other specified programs subject to suspension.

This bill would repeal these provisions imposing the suspension.

Existing law requires the department to develop, using moneys appropriated in the Budget Act for this purpose from the Healthcare Treatment Fund, VBP programs that require designated Medi-Cal managed care plans to make incentive payments to qualified network providers in behavioral health integration (BHI), prenatal and postpartum care, and chronic disease management for prescribed purposes. Existing law makes the VBP programs inoperative on July 1, 2021, if the department's ability to make those supplemental payments and rate increases is suspended, as specified above.

With respect to VBP programs aimed at improving BHI in Medi-Cal managed care, existing law requires designated Medi-Cal managed care plans to make incentive payments to qualified network providers, as prescribed, and authorizes qualified network providers to be eligible for different levels of incentive payments depending on the level of integration.

For VBP programs aimed at improving BHI in Medi-Cal managed care, this bill would instead authorize designated Medi-Cal managed care plans to earn incentive



payments for achieving milestones and measures through partnerships with qualified network providers, and would provide that different levels of incentive payments may be available depending on the level of integration. For VBP programs, the bill would delete the provisions making those programs inoperative on July 1, 2021, and would require the department to implement payments under VBP programs for a service period during a state fiscal year subject to appropriation by the Legislature for that state fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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