AB-1810 Health. (2017-2018)

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Assembly Bill No. 1810

CHAPTER 34

An act to amend Section 16531.1 of, and to add Section 100503.3 to, the Government Code, to amend Sections 1225, 1266, 1275.3, 11364.7, 104161, 104161.1, 104162.1, and 120972 of, to amend and repeal Sections 121349, 121349.1, 121349.2, and 121349.3 of, to add Sections 105250.1, 123259, and 123260 to, to add Chapter 8.5 (commencing with Section 127671) to Part 2 of Division 107 of, and to add and repeal Part 4 (commencing with Section 1000) of Division 1 of, the Health and Safety Code, to amend Sections 1370, 1370.01, and 1372 of, and to add Chapter 2.8A (commencing with Section 1001.35) to Title 6 of Part 2 of, the Penal Code, and to amend Sections 4094 and 14149.9 of, to add Section 14197.5 to, to add Chapter 6.5 (commencing with Section 4361) to Part 3 of Division 4 of, and to repeal Section 14105.965 of, the Welfare and Institutions Code, relating to public health, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 27, 2018. Filed with Secretary of State June 27, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1810, Committee on Budget. Health.

(1) 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 creates the continuously appropriated Medical Providers Interim Payment Fund for the purposes of paying Medi-Cal providers, providers of drug treatment services for persons infected with HIV, and providers of services for the developmentally disabled, during a fiscal year for which a budget has not yet been enacted or there is a deficiency in the Medi-Cal budget. During a fiscal year in which these payments are necessary, existing law requires the Controller to transfer up to $1,000,000,000 from the General Fund in the form of loans to the continuously appropriated Medical Providers Interim Payment Fund, and appropriates $1,000,000,000 from the Federal Trust Fund to that fund. Existing law requires those loans to be repaid by debiting the appropriate Budget Act item following a procedure prescribed by the Department of Finance. Upon the enactment of the annual Budget Act or a deficiency bill, existing law requires the Controller to transfer expenditures and unexpended funds in the Medical Providers Interim Payment Fund to the appropriate Budget Act item.

This bill would require the Controller to make those loan transfers upon order of the Department of Finance. The bill would increase the maximum amount of loan transfers annually from the General Fund to the continuously appropriated Medical Providers Interim Payment Fund to $2,000,000,000, would require the Department of Finance to notify the Legislature within 10 days of authorizing a transfer, and would increase the appropriation from the Federal Trust Fund to the Medical Providers Interim Payment Fund to $2,000,000,000 during a fiscal year for which a budget has not yet been enacted or when there is a deficiency in the Medi-Cal budget. By increasing the amounts paid into a continuously appropriated fund, the bill would make an appropriation. The bill

would require a loan to be repaid either in the same fiscal year in which it was made or in the subsequent fiscal year, as specified, by debiting the appropriate Budget Act item or using the proceeds of a supplemental appropriations bill, as determined by the State Department of Health Care Services, in consultation with the Department of Finance, and inform the Controller within 30 days of enactment of the Budget Act or a supplemental appropriations bill.

(2) Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that took effect January 1, 2014. Among other things, PPACA requires each state, by January 1, 2014, to establish an American Health Benefit Exchange that facilitates the purchase of qualified health plans by qualified individuals and qualified small employers. Existing state law establishes the California Health Benefit Exchange, also known as Covered California, within state government for the purpose of facilitating the enrollment of qualified individuals and qualified small employers in qualified health plans.

This bill would require the Exchange, in consultation with stakeholders and the Legislature, to develop options for providing financial assistance to help low- and middle-income Californians access health care coverage, as specified, and would require the Exchange to report those developed options to the Legislature, Governor, and Council on Health Care Delivery Systems on or before February 1, 2019.

This bill would also establish the Council on Health Care Delivery Systems as an independent body to develop a plan that includes options for advancing progress toward achieving a health care delivery system in California that provides coverage and access through a unified financing system for all Californians. The bill would, on or before October 1, 2021, require the council to submit to the Legislature and Governor a plan with options that include a timeline of the benchmarks and steps necessary to implement health care delivery system changes, and would require the plan to be posted on the California Health and Human Services Agency’s Internet Web site. The bill would require the plan to consider, at a minimum, among other things, key design options, including covered benefits, eligibility, service delivery, provider payments, and quality improvement, and opportunities for controlling health care costs. The bill would require the council to provide an update detailing its progress in developing the plan to the Governor and the health committees of the Senate and Assembly on or before January 1, 2020, and every 6 months thereafter. The bill would authorize the California Health and Human Services Agency to provide staff support to implement these provisions, and would repeal these provisions on January 1, 2022.

(3) Existing law establishes the State Department of Public Health and sets forth its powers and duties, including, but not limited to, the licensing and regulation of various health facilities. Existing law sets forth the per-bed or per-facility licensing and certification fee for the various regulated facilities. Existing law establishes the State Department of Public Health Licensing and Certification Program Fund and requires deposit of the fees into the fund to be used, upon appropriation by the Legislature, for the support of the department’s licensing and certification program.

This bill would, commencing in the 2018–19 fiscal year, authorize the department to assess a supplemental license fee on facilities located in the County of Los Angeles for all of these facility types. The bill would require the department to calculate the supplemental license fee based upon the difference between the estimated costs of regulating facility types licensed in the County of Los Angeles, including, but not limited to, the costs associated with the department’s contract for licensing and certification activities with the County of Los Angeles.

(4) Existing law requires the State Department of Public Health to license and regulate primary care clinics and specialty clinics. Existing law requires these clinics to comply with specific statutory provisions for standards of care and regulations promulgated by the department, and a violation of these provisions or regulations is a crime.

This bill would require a chronic dialysis clinic, surgical clinic, or rehabilitation clinic licensed or seeking a license to comply with prescribed federal certification standards in effect immediately preceding January 1, 2018. By expanding the standards by which licensed clinics are required to comply, this bill would expand the scope of a crime, thereby imposing a state-mandated local program.

(5) Existing law requires the State Department of Public Health and the State Department of Developmental Services to jointly develop and implement licensing regulations appropriate for an intermediate care facility/developmentally disabled-nursing and an intermediate care facility/developmentally disabled-continuous nursing. Existing law requires these facilities to comply with specific statutory provisions for standards of care and regulations promulgated by these departments, and a violation of these provisions or regulations is a crime.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(20) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 16531.1 of the Government Code is amended to read:

16531.1. (a) Notwithstanding any other law and without regard to fiscal year, if the annual State Budget is not enacted by June 30 of the fiscal year preceding the fiscal year to which the budget would apply or there is a deficiency in the Medi-Cal budget during a fiscal year, all of the following shall occur:

(1) The Controller shall annually transfer from the General Fund, upon order of the Department of Finance, in the form of one or more loans, an amount not to exceed a cumulative total of two billion dollars ($2,000,000,000) in a fiscal year, to the Medical Providers Interim Payment Fund, which is hereby created in the State Treasury. Notwithstanding Section 13340, the Medical Providers Interim Payment Fund is hereby continuously appropriated for the purpose of making payments to Medi-Cal providers, providers of services under Chapter 6 (commencing with Section 120950) of Part 4 of Division 105 of the Health and Safety Code, and providers of services under Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code, on or after July 1 of the fiscal year for which no budget has been enacted and before September 1 of that year or for the purpose of making payments to Medi-Cal providers, providers of services under Chapter 6 (commencing with Section 120950) of Part 4 of Division 105 of the Health and Safety Code, and providers of services under Division 4.5 (commencing with Section 4500) of the Welfare and Institutions Code, during the period in which the Medi-Cal program has a deficiency. Payments shall be made pursuant to this subdivision if both of the following conditions have been met:

(A) An invoice has been submitted for the services.

(B) Payment for the services is due and payable and the State Department of Health Care Services determines that payment would be valid.

(2) For any fiscal year to which this subdivision applies, there is hereby appropriated the sum of two billion dollars ($2,000,000,000) from the Federal Trust Fund to the Medical Providers Interim Payment Fund.

(3) The Department of Finance shall notify the Legislature within 10 days of authorizing a transfer. The 10-day notification to the Legislature shall include the amount of the transfer, the reasons for the transfer, and the fiscal assumptions used to calculate the transfer amount.

(b) Notwithstanding any other law, including Section 14159 of the Welfare and Institutions Code, the amount of a loan made pursuant to subdivision (a) and for which moneys were expended from the Medical Providers Interim Payment Fund shall be repaid either in the same fiscal year in which it was made or in the subsequent fiscal year, as determined by the State Department of Health Care Services in consultation with the Department of Finance. The loan shall be repaid by debiting the appropriate Budget Act item or by using the proceeds of a supplemental appropriations bill, as determined by the State Department of Health Care Services in consultation with the Department of Finance.

(c) Within 30 days of the enactment of the annual Budget Act or a supplemental appropriations bill in a fiscal year to which subdivision (a) applies, the State Department of Health Care Services, in consultation with the Department of Finance, shall inform the Controller of its determination pursuant to subdivision (b) and shall designate the fiscal year and item of the Budget Act to which any expenditures and unexpended funds in the Medical Providers Interim Payment Fund shall be transferred.

SEC. 2. Section 100503.3 is added to the Government Code, to read:

100503.3. (a) The Exchange, in consultation with stakeholders and the Legislature, shall develop options for providing financial assistance to help low- and middle-income Californians access health care coverage. On or before February 1, 2019, the Exchange shall report those developed options to the Legislature, Governor, and Council on Health Care Delivery Systems, established pursuant to Section 1001 of the Health and Safety Code, for consideration in the 2019–20 budget process.

(b) In developing the options, the Exchange shall do both of the following:

(1) Include options to assist low-income individuals who are paying a significant percentage of their income on premiums, even with federal financial assistance, and individuals with an annual income of up to 600 percent of the federal poverty level.

(2) Consider maximizing all available federal funding and, in consultation with the State Department of Health Care Services, determine whether federal financial participation for the Medi-Cal program would otherwise be jeopardized. The report shall include options that do not require a federal waiver authorized under Section 1332 of the federal act, as defined in subdivision (e) of Section 100501, from the United States Department of Health and Human Services.

(c) The Exchange shall make the report publicly available on its Internet Web site.

SEC. 3. Part 4 (commencing with Section 1000) is added to Division 1 of the Health and Safety Code, to read:

PART 4. Council on Health Care Delivery Systems

1000. (a) The Legislature finds and declares all of the following:

(1) Health care is a human right and it is in the public interest that all Californians have access to health care that improves health outcomes, manages and lowers health care costs for the state and its residents, and reduces health disparities.

(2) With the implementation of the federal Patient Protection and Affordable Care Act (Public Law 111-148) and other state efforts, California has reduced the uninsured share of its population to less than 10 percent.

(3) As of 2016, nearly three million Californians remained uninsured, 21 percent of Californians remained underinsured, and 11 percent of California adults went without health care because of cost.

(4) The United States spends more per capita than any other industrialized nation on health care, but has low rankings based on many metrics, including access to care, equity, efficiency, and healthy lives.

(5) California has a primary care physician shortage, and the geographic distribution of physicians across California is uneven.

(6) According to the federal Centers for Medicare and Medicaid Services, national health spending is projected to grow 5.5 percent annually, on average, through 2026, representing 19.7 percent of the economy in 2026.

(b) It is the intent of the Legislature to establish a health care delivery system that provides coverage and access through a unified financing system for all Californians.

(c) It is the intent of the Legislature to control health care costs so that California is able to achieve a sustainable health care system with more equitable access to quality health care.

(d) It is the intent of the Legislature that rising health care costs be mitigated and administrative costs be limited so that more money is spent on direct care to patients and less on profits and overhead.

(e) It is the intent of the Legislature that all Californians receive high-quality health care, with positive health care outcomes, regardless of age, income, race, ethnicity, immigration status, gender or gender nonconforming status, sexual orientation, geographic location, health status, or ability.

(f) It is the intent of the Legislature that all Californians have access to affordable health coverage, including health coverage with reasonable out-of-pocket costs relative to household income, or being eligible for appropriate cost-sharing assistance.

(g) It is the intent of the Legislature that California train and employ an adequate number of primary care physicians, specialty care physicians, mental and behavioral health professionals, and allied health care professionals to meet the health care needs of the state.

(h) It is the intent of the Legislature that the health care system ensure that all Californians have timely access to necessary health care, including access that addresses language and geographic barriers.

1001. (a) Effective January 1, 2019, there is hereby established the Council on Health Care Delivery Systems as an independent body to develop a plan that includes options for advancing progress toward achieving a health care delivery system in California that provides coverage and access through a unified financing system for all Californians.

(b) The council shall meet for the first time on or before July 1, 2019, and shall convene meetings at least quarterly at locations that are easily accessible to the public in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(c) (1) The council shall be comprised of five members as follows:

(A) Three members who shall be appointed by the Governor.

(B) One member who shall be appointed by the Senate Committee on Rules.

(C) One member who shall be appointed by the Speaker of the Assembly.

(2) The appointees shall have appropriate knowledge and experience regarding health care coverage or financing, or other relevant expertise.

(3) The council shall elect a chairperson on an annual basis.

(4) The members of the council shall serve without compensation, but shall be reimbursed for necessary traveling and other expenses incurred in performing their duties and responsibilities.

(d) The council may establish advisory committees that include members of the public with knowledge and experience in health care that support stakeholder engagement and an analytical process by which key design options are developed. A member of an advisory committee need not be a member of the council.

(e) The council and each advisory committee shall keep official records of all of their proceedings.

1002. (a) On or before October 1, 2021, the council shall submit to the Legislature and Governor a plan with options that include a timeline of the benchmarks and steps necessary to implement health care delivery system changes, including steps necessary to achieve a unified financing system. The plan shall be submitted in compliance with Section 9795 of the Government Code. The plan shall also be posted on the California Health and Human Services Agency’s Internet Web site. The plan shall, at a minimum, consider all of the following:

(1) Key design options, including covered benefits, eligibility, service delivery, provider payments, and quality improvement.

(2) Requirements potentially necessary for the state, in consultation with the State Department of Health Care Services, to seek federal waivers and federal statutory changes, by which funds currently managed by the federal government, but used on behalf of Californians, may be consolidated with other funding sources.

(3) A summary of relevant requirements under current law and potential state constitutional and statutory amendments that may be evaluated to improve the health care system.

(4) Options for financing and an analysis of the need for voter approval of any financing.

(5) Potential considerations for building or restructuring information technology systems and financial management systems necessary for health care system changes.

(6) Opportunities for controlling health care costs, including mitigating rising health care costs and limiting administrative costs so that more money is spent on direct care to patients and less on profits and overhead, in order to achieve a sustainable health care system with more equitable access to quality health care.

(b) The council shall provide an update detailing its progress in developing the plan required by subdivision (a) to the Governor and the health committees of the Senate and the Assembly on or before January 1, 2020, and shall update those committees every six months thereafter.