

FY 2009-2010 CALIFORNIA LEGISLATIVE UPDATE

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General Overview

- Most significant developments arise from budget legislation signed by Governor Schwarzenegger on July 28, 2009
- Unlike two prior years, no across-the-board reductions in Medi-Cal payments, but several payment limitations impacting various classes of services
- Outpatient, subacute, distinct part nursing services all impacted; Medi-Cal DSH payments also reduced

Medi-Cal Payment Rate Freeze

- Welf. & Inst. Code Sec. 14105.191 amended to “freeze” payment rates at 2008-2009 levels, effective August 1, 2009
- Freeze applies expressly to distinct part skilled nursing facility, subacute and hospital outpatient services
- Freeze applies on top of other rate cuts
- No termination date for freeze set forth in the statute

Elimination of Exemption for Small & Rural Hospitals from Non-Contract Rate Cut

- Amendment to Welf. & Inst. Code Sec. 14166.245 eliminates this exemption and subjects small and rural facilities to 10 percent cut, effective July 1, 2009
- Small and rural facilities still exempt from “regional average” limitation
- Previous legislation exempted “small and rural” hospitals, as defined by statute, from the 10% reduction in payments for non-contract, inpatient hospital services.

Disproportionate Share Hospital and Related Payments

- DSH replacement payments for private hospitals reduced by 10 percent, effective August 1, 2009
- Reduces amounts available in other designated funds in order to relocate the money to the General Fund

Pending Legislation

- Legislative Session is Not Over, but all Bills Must be Passed by September 11, 2009
- Provider Tax –
 - Percentage of revenue paid to the State
 - To be returned to providers in form of higher Medi-Cal rates and payment for uninsured services
 - Still a Work in Progress
- Other Notable Bills

QUESTIONS