

ASSEMBLY THIRD READING

AB 1122 (Bains)

As Amended April 20, 2023

Majority vote

SUMMARY

Creates, for purposes of provider enrollment in Medi-Cal, new flexibilities for providers applying for new or continued enrollment, including the ability to submit alternative source documentation and the ability to submit an application for enrollment up to 30 days before having an established place of business.

COMMENTS

- 1) *Medi-Cal Provider Enrollment.* State law governing Medi-Cal and federal law and regulations contain provisions to address fraud. An applicant or provider seeking to provide services in the Medi-Cal program must submit a complete application package for enrollment, continuing enrollment, enrollment at a new location or a change in location. The Department of Health Care Services' (DHCS) Provider Enrollment Division is responsible for the enrollment and re-enrollment of most health care providers in the Medi-Cal program. DHCS indicates its review of a provider's application package is a complex process that requires assessment of many elements of the application, including a review of the required supporting documentation, to determine eligibility for enrollment into the Medi-Cal program. DHCS may conduct a background check of an applicant or provider for the purpose of verifying information. This review may also include an unannounced on-site inspection, a review of business records, and data searches to ensure that the applicant or provider meets enrollment criteria. [California Code of Regulations (CCR), Title 22, Sections 51000 to 51000.75] establishes additional specificity on the enrollment process.
- 2) *Application Processing Timeframes.* Existing law establishes notification requirements and timeframes for DHCS application processing that vary depending upon the type of provider. For example, for physicians and physician groups, DHCS acknowledges receipt within 15 days. For applications from provider types other than physicians or physician groups, DHCS acknowledges receipt within 30 days. Physician and physician group applicants are notified in writing of one of the five actions listed below, within 90 days of receipt of an application. Notification of DHCS action to applicants other than a physician or physician group (such as psychologists, physician assistants, nurse practitioners, or podiatrists) remains at 180 days. DHCS notifies the enrolled provider or applicant that their application is one of the following:
 - a) Approved for enrollment as a provisional provider;
 - b) Incomplete and additional information is required;
 - c) Referred for a comprehensive review and background check;
 - d) Denied (with the reason(s) for denial); or,
 - e) Withdrawn by request of the applicant or provider.

Existing law also creates a streamlined processes for certain "preferred providers," who have specified affiliations and a license in good standing, to grant provisional Medi-Cal provider status for up to 18 months. It allows applicants meeting certain criteria, including certain hospital-based physicians, to be granted provisional provider status for up to 12 months after submission and review of a short form application. If providers meet certain conditions and remain in good standing at the end of the "provisional provider" period, the provider is enrolled in the Medi-Cal program without designation as a provisional provider.

- 3) *Changes in Recent Years.* In November 2016, DHCS began implementation of the Provider Application and Validation for Enrollment (PAVE) system. PAVE is a Commercial Off-the-Shelf software that automates DHCS' Medi-Cal provider enrollment processes and serves as the enterprise platform for provider enrollment activities. PAVE provides a secure, web-based portal for providers to submit their applications and update their information. PAVE is also used by DHCS to establish and monitor ongoing provider compliance with enrollment requirements. DHCS indicates PAVE has been well-received by the provider community, as it has facilitated enrollment and participation in Medi-Cal and has contributed to the increased number of participating providers.

DHCS indicates business rules within the application have also resulted in a decreased number of deficient applications being submitted, improving the average processing time significantly.

- 4) *Recent Budget Change Proposals.* In 2019, DHCS submitted and the Legislature approved an April 1 Budget Change Proposal requesting two-year limited-term funding equivalent to 23 positions and associated expenditure authority. DHCS indicated resources were needed to address an increase in workload due to an increase in provider enrollment applications, including applications from Drug Medi-Cal and Medi-Cal managed care health plan providers. In addition, these positions were to be used to address a backlog at that time of approximately 19,000 applications. The request was funded at \$3.2 million (\$795,000 General Fund (GF)) for fiscal year (FY) 2019-20 and \$2.9 million (\$744,000 GF) for FY 2020-21.

In 2021, DHCS requested and received one-year limited-term contract funding in the amount of \$7.1 million (\$1.8 million GF) for fiscal year 2021-22 for enhancements to the PAVE system, including for adding Medi-Cal Dental providers, Family Planning, Access, Care, and Treatment providers, and Diabetes Prevention Program providers to PAVE.

- 5) *Established Place of Business.* State regulations [CCR Title 22, Section 51000.60] require an applicant or provider to have an "established place of business" appropriate and adequate for the services billed to Medi-Cal, as relevant to their scope of practice or type of business. This bill would allow an applicant or provider to submit an application for enrollment up to 30 days before having an established place of business and have its application considered by DHCS.

Although the established place of business requirement assists DHCS in identifying potential program fraud, DHCS has recently announced exemptions from this requirement, as of March 29, 2023, for two classes of providers: i) remote service providers who offer mental health services exclusively through telehealth; and, ii) transportation providers located in California. This bill would not change the requirement but would allow applications to begin the process prior to having an established place of business.

According to the Author

Many providers are discouraged from enrolling in Medi-Cal by the friction of the current application process. The author asserts streamlining the provider enrollment process can dramatically expand access to care to Medi-Cal beneficiaries. The author notes this bill is author-sponsored, based on their professional experience as a physician from Kern County and acute awareness that a lack of Medi-Cal providers adversely effects vulnerable populations.

Arguments in Support

National Health Law Program and Western Center on Law and Poverty support this bill. Supporters note the difficulty providers face in enrolling in fee-for-service Medi-Cal, which they indicate sometimes results in Medi-Cal managed care providers billing individuals in traditional, fee-for-service Medi-Cal. Supporters indicate this bill would ease the provider enrollment process and encourage more Medi-Cal providers to enroll.

Arguments in Opposition

There is no known opposition.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, costs of an unknown amount, likely exceeding \$150,000, to DHCS (General Fund and federal funds).

VOTES**ASM HEALTH: 15-0-0**

YES: Wood, Waldron, Aguiar-Curry, Arambula, Boerner Horvath, Wendy Carrillo, Flora, Vince Fong, Maienschein, McCarty, Joe Patterson, Rodriguez, Santiago, Villapudua, Weber

ASM APPROPRIATIONS: 15-0-1

YES: Holden, Megan Dahle, Bryan, Calderon, Wendy Carrillo, Dixon, Mike Fong, Hart, Lowenthal, Mathis, Papan, Pellerin, Sanchez, Weber, Ortega

ABS, ABST OR NV: Robert Rivas

UPDATED

VERSION: April 20, 2023

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FN: 0000796