
THIRD READING

Bill No: AB 1122
Author: Bains (D)
Amended: 4/20/23 in Assembly
Vote: 21

SENATE HEALTH COMMITTEE: 12-0, 7/5/23

AYES: Eggman, Nguyen, Glazer, Gonzalez, Grove, Hurtado, Limón, Menjivar,
Roth, Rubio, Wahab, Wiener

SENATE APPROPRIATIONS COMMITTEE: 7-0, 9/1/23

AYES: Portantino, Jones, Ashby, Bradford, Seyarto, Wahab, Wiener

ASSEMBLY FLOOR: 77-0, 5/25/23 - See last page for vote

SUBJECT: Medi-Cal provider applications

SOURCE: Pediatric Associates

DIGEST: This bill requires the Department of Health Care Services to develop a process to allow Medi-Cal provider applicants to submit an alternative type of primary, authoritative source documentation to meet the documentation requirements of a provider application. Authorizes provider applicants to submit Medi-Cal provider applications 30 days before having an established place of business.

ANALYSIS:

Existing law:

- 1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which low-income individuals are eligible for medical coverage. [WIC §14000, et seq.]
- 2) Establishes rules and procedures for the enrollment of providers in the Medi-Cal program. Requires new providers, providers applying for continued

enrollment, or providers wishing to provide services at a new or different location to submit a complete application package to enroll, continue enrollment, or enroll at a new or different location. [WIC §14043.26]

- 3) Requires applicants, providers, and persons with an ownership or control interest to submit their birth dates and social security numbers to DHCS. Requires corporations with an ownership or control interest to submit their taxpayer identification number and all business address locations and post office box addresses. [WIC §14043.26]
- 4) Requires a provider applicant to demonstrate an established place of business appropriate and adequate for the services billed or claimed to the Medi-Cal program, indicated by, but not limited to, the following:
 - a) Being open and available to the general public;
 - b) Having regularly established and posted business hours;
 - c) Having adequate supplies in stock on the premises;
 - d) Meeting all local laws and ordinances regarding business licensing and operations; and,
 - e) Having the necessary equipment and facilities to carry out day-to-day business for the practice. [WIC §14043.7]

This bill:

- 1) Requires DHCS to develop a process to allow an applicant or provider to submit an alternative type of primary, authoritative source documentation to meet the documentation requirements of the application.
- 2) Requires DHCS to document each submission of alternative documentation, including recording the source documentation submitted and the rationale for accepting alternative types of source documentation.
- 3) Conditions 1) and 2) above, on there being no conflict with federal law or regulation, continued federal financial participation, and the receipt of any necessary federal approvals.
- 4) Authorizes an applicant or provider to submit its enrollment application up to 30 days prior to having an established place of business in order for DHCS to consider the application to the extent not in conflict with federal law.

Comments

- 1) *Author's statement.* According to the author, as a physician from Kern County, she is acutely aware of the lack of Medi-Cal providers in the state and the adverse impact this has on our vulnerable populations. Currently, many providers are being discouraged from qualifying to receive Medi-Cal reimbursement due to the friction of the current application process. By streamlining the provider enrollment system, we can dramatically expand access to care for the millions of Californians who are Medi-Cal beneficiaries. This bill is a right step in the direction to provide healthcare to our most at-need communities.
- 2) *Medi-Cal provider shortages.* California has been experiencing a healthcare workforce shortage that has only gotten worse in recent years. According to a 2017 study by the Healthforce Center at UC San Francisco, only two regions in California have a sufficient number of primary care doctors. As Medi-Cal provider rates are generally the lowest compared to Medicare and private insurance, the provider shortage is felt more acutely in the Medi-Cal program. A 2017 California Health Care Foundation (CHCF) report on physician participation in Medi-Cal found that the increase in the number of full-time equivalent (FTE) physicians participating in Medi-Cal did not keep pace with the growth of Medi-Cal enrollment, so the ratios of FTE physicians per 100,000 Medi-Cal enrollees with full-scope benefits decreased between 2013 and 2015. For both primary care and non-primary care physicians, the ratios of FTE physicians per 100,000 Medi-Cal enrollees with full-scope benefits fell below national and state recommendations. The most common reasons cited by physicians for limiting the number of Medi-Cal patients served is the provider reimbursement rates and administrative hassles and delays in payments from the Medi-Cal program.

A 2021 report published by CHCF based on the 2017-2018 California Health Interview Survey conducted by the UC Los Angeles Center for Health Policy Research, found that even after controlling for socioeconomic factors or health status, adults in Medi-Cal were still more likely than those with employer sponsored insurance to report no usual source of care, being told a doctor wouldn't accept their health insurance, having trouble finding a specialist that would see them, having had no doctor visit in the last year, and having had more than one ER visit in the last year. These numbers have likely worsened in recent years due to providers retiring or leaving the healthcare workforce due to burnout, particularly during the COVID-19 pandemic. A 2022 follow-up report by the California State Auditor on access to children's preventive services in

Medi-Cal found that DHCS has failed its obligation to ensure that there are enough Medi-Cal providers to allow adequate access to children's health care services. The report stated that without a targeted effort by DHCS to increase the number of Medi-Cal providers in underserved areas, children in Medi-Cal will likely continue to face limited access to care.

- 3) *Medi-Cal provider enrollment process.* According to DHCS, the ability to identify and reject potentially fraudulent providers from admission into the Medi-Cal program is the first component of any anti-fraud program. 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. While reviewing an application and supporting documents, 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. Notification requirements and timeframes for DHCS application processing vary depending upon the type of provider. For example, for physicians and physician groups, DHCS acknowledges receipt within 15 days and notifies of the results of the application within 90 days. Results can include 1) approved for enrollment as a provisional provider; 2) incomplete and additional information is required; 3) referred for a comprehensive review and background check; 4) denied; or 5) withdrawn by request of the applicant or provider. For applications from provider types other than physicians or physician groups, DHCS acknowledges receipt within 30 days and gives results within 180 days. Applicants who are notified that additional information is required have 60 days to provide that information.

Some improvements have been made since the implementation of the electronic Provider Application and Validation for Enrollment (PAVE) system to automate portions of the provider enrollment process and to monitor ongoing provider compliance with the enrollment requirements. However, as recently as 2019, DHCS requested 23 additional positions to clear a backlog of approximately 19,000 provider applications. This bill would require DHCS to develop a process to allow for alternative type of primary, authoritative source documentation to meet the documentation requirements of the application and to allow applicants to apply 30 days before formally establishing a place of business in hopes of avoiding delays in application approvals after a new or additional place of business is open.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, DHCS estimates one-time system costs of \$240,000 in 2023-24 to update the PAVE system; and costs of \$1,709,000 in 2024-25 and \$1,610,000 in 2025-26 and ongoing thereafter for staffing resources (50 percent General Fund, 50 percent federal funds).

SUPPORT: (Verified 8/22/23)

Pediatric Associates (source)
California Academy of Family Physicians
National Health Law Program
Western Center on Law & Poverty

OPPOSITION: (Verified 8/22/23)

None received

ARGUMENTS IN SUPPORT: Sponsors Pediatric Associates state that allowing providers to apply 30 days prior to having an established place of business will streamline their enrollment process, avoid lapses in billing, and create less barriers to treating Medi-Cal beneficiaries. They also say allowing for alternative sources of authentic and verifiable documentation will give providers the flexibility they need in submitting applications. The California Academy of Family Physicians states that the current application process for enrolling in Medi-Cal can be tedious and prevents many providers from enrolling in the program.

ASSEMBLY FLOOR: 77-0, 5/25/23

AYES: Addis, Alanis, Alvarez, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Cervantes, Chen, Connolly, Megan Dahle, Davies, Dixon, Essayli, Flora, Mike Fong, Vince Fong, Friedman, Gabriel, Gallagher, Garcia, Gipson, Grayson, Haney, Hart, Holden, Hoover, Irwin, Jackson, Jones-Sawyer, Kalra, Lackey, Lee, Low, Lowenthal, Maienschein, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Jim Patterson, Joe Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Sanchez, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Waldron, Wallis, Ward, Weber, Wicks, Wilson, Wood, Zbur, Rendon

NO VOTE RECORDED: Aguiar-Curry, Mathis, Papan

Prepared by: Jen Flory / HEALTH / (916) 651-4111
9/5/23 10:01:18

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