CONCURRENCE IN SENATE AMENDMENTS
AB 220 (Jackson)
As Amended July 8, 2025
Majority vote

SUMMARY

Requires a health facility providing pediatric or adult subacute care services under the Medi-Cal program to submit a specified form to request authorization for these services, and prohibits a Medi-Cal managed care plan from developing or using its own criteria to substantiate medical necessity. Requires the Department of Health Care Services (DHCS) to develop and implement procedures, and specifies DHCS may impose sanctions, to ensure that a Medi-Cal managed care plan complies with the aforementioned requirements.

Senate Amendments

1) Clarify terms related to providers seeking authorization for pediatric subacute care services and the authorization form a provider must use;

2) Prohibit a Medi-Cal managed care plan from requiring a subsequent treatment authorization request for subacute care services upon a patient′s return from a bed hold for acute hospitalization, as specified; and,

3) Strike the requirement for DHCS to develop and implement procedures to ensure that managed care plans comply with the bill′s requirements, and clarifies DHCS is authorized to impose sanctions for violations of the bill′s requirements.

COMMENTS

Subacute Care. In Medi-Cal, adult subacute care is defined as a level of care needed by a patient who does not require hospital acute care, but who requires more intensive skilled nursing care than is provided to the majority of patients in a skilled nursing facility. Subacute patients require special medical equipment, supplies, and treatments such as ventilators, tracheostomies, total parenteral nutrition, tube feeding, and complex wound management care.

Pediatric subacute care is defined in statute as a level of care needed by a person less than 21 years of age who uses a medical technology that compensates for the loss of a vital bodily function. Pediatric subacute care facilities care for children who have experienced illnesses and injuries resulting from, for instance, congenital birth defects, neurologic injuries, cardiac and respiratory illness seizure disorders, or premature birth complications. As an example of the type of patients who are seen in a pediatric subacute care facility, a hypothetical patient would be a ten year-old child with developmental delay across several domains, who is dependent on a ventilator, wears hearing aids, is wheelchair dependent and is in recovery from a spinal surgery and has corresponding wound care needs.

Managed Care Transition. Prior to January 1, 2024, adult and pediatric subacute care services were "carved out" of Medi-Cal managed care, meaning they were provided as a separate, fee-for-service benefit contracted and paid for directly by DHCS. As a component of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, effective January 1, 2024, a number of institutional long-term care services, including adult and pediatric subacute care services, were "carved in" to Medi-Cal managed care. This means Medi-Cal managed care plans are now

responsible for contracting with these facilities and paying them for medically necessary subacute care services. Plans also took on the role of reviewing prior authorization requests for subacute care services.

According to DHCS, the stated goals of the carve-in of subacute care services into managed care are as follows:

1) Standardize subacute care services coverage under managed care statewide;

2) Advance a more consistent, seamless, and integrated system of managed care that reduces complexity and increases flexibility; and,

3) Increase access to comprehensive care coordination, care management, and a broad array of services for Medi-Cal members in subacute care.

DHCS has conducted significant stakeholder engagement and has provided training for providers and managed care plans to prepare for and troubleshoot aspects of this transition.

DHCS Guidance on Subacute Care. On September 16, 2024, DHCS issued "*All-Plan Letter 24-010*" to provide updated guidance on the transition of subacute care to Medi-Cal managed care. DHCS specifies plans must determine medical necessity consistent with definitions in current statute and regulation. DHCS further specifies that members in need of adult or pediatric subacute care services are to be placed in a health care facility that provides the level of care most appropriate to the member′s medical needs, as outlined in the managed care plan contract and as documented by the member′s provider. DHCS requires, effective January 1, 2024, all plans in all counties to expedite prior authorization requests for members who are transitioning from an acute care hospital to a subacute care facility. DHCS also requires plans to make all authorization decisions in a timeframe appropriate for the nature of the member′s condition, and requires all authorization decisions to be made within 72 hours after the plan receives relevant information needed to make an authorization decision.

According to the Author
This bill is crucial for enhancing the care and support provided to patients who require subacute medical services. The author asserts care for medically fragile children with disabilities is being delayed and denied by managed care plans. The author concludes this bill is a vital step toward improving patient outcomes by ensuring patients receive services aligned with their medical needs within an appropriate facility.

Arguments in Support
The sponsor of this legislation, Totally Kids Rehabilitation Center, writes in support that medical necessity criteria for subacute care services is well-established, particularly for pediatric subacute care. The sponsor explains that prior to the transition to Medi-Cal managed care, DHCS used a simple form with a checklist in the fee-for-service (FFS) Medi-Cal program to establish medical necessity, and the determination was straightforward: if a facility provided medical chart information that verified a child met one of a number of criteria specified in statute, medical necessity was established. With the recent inclusion of these services into Medi-Cal managed care, the sponsor explains this process has grown so complicated and burdensome that their facility had to hire two additional case managers to handle the demands of managed care plans.

California Association of Health Facilities (CAHF) writes in support that as California transitioned from a FFS model to the Medi-Cal managed care model, plans in essence became case managers determining when, how, and if pediatric patients receive care without proper training and knowledge of long-term care regulations and laws. CAHF argues this bill will streamline the authorization process for patients needing subacute care while ensuring they receive the appropriate, adequate care they deserve, and return case management to the appropriate authority. Other organizations representing individuals with disabilities, consumers, and specialty care providers also support this bill.

Arguments in Opposition
None.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, unknown ongoing costs, potentially low hundreds of thousands, for the Department of Health Care Services (DHCS) for state administration for oversight of Medi-Cal plans (General Fund and federal funds).

VOTES:

ASM HEALTH: 16-0-0
YES: Bonta, Chen, Addis, Aguiar-Curry, Rogers, Carrillo, Flora, Mark González, Krell, Patel, Patterson, Celeste Rodriguez, Sanchez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa
ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 70-0-9
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Stefani, Ta, Valencia, Wallis, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Alvarez, Bryan, Chen, Nguyen, Sharp-Collins, Solache, Soria, Tangipa, Ward

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Reyes

UPDATED

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CONSULTANT: Lisa Murawski / HEALTH / (916) 319-2097 FN: 0001647