

## UPDATED INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Welfare and Institutions (W&I) Code Section 14124.5 authorizes the director of the Department of Health Care Services (the Department) to adopt, amend or repeal regulations as necessary and proper to carry out the purposes of and intent of the statutes governing the Medi-Cal program.

W&I Code Section 14105(a) requires the Department to adopt regulations that include the rates of reimbursement for non-contract services that the Medi-Cal program pays for within the Medi-Cal schedule of benefits set forth in W&I Code Section 14132. W&I Code Section 14105.15(e), specifically addresses reimbursement for acute care hospital inpatient services provided by out-of-state hospitals to Medi-Cal eligible beneficiaries.

California Code of Regulations (CCR), Title 22, Section 51543 currently provides that reimbursement for Medi-Cal covered acute care hospital inpatient services provided by out-of-state hospitals are paid the current statewide average of California hospital contract rates or the hospital's actual billed charges, whichever is less. This rulemaking amends Section 51543 to provide that these services shall be reimbursed the current statewide per diem average of contract rates for California hospitals with at least 300 beds or the out-of-state hospital's actual billed charges, whichever is less.

Section 51543 is also being amended to define the term, "current" to mean the most recent average as of December 1 of the prior calendar year of the contract rates for California hospitals with at least 300 beds that the California Medical Assistance Commission (CMAC) has reported in its annual report to the Legislature. After the annual CMAC report is issued, the average reported for December 1 of the prior year will be the maximum rate effective for days of service on or after January 1 of the following calendar year.

Additionally, subsection (b) of Section 51543, which provides that an out-of-state hospital may request an administrative adjustment to the rate, is being removed because the Department has determined that it is not necessary. An administrative adjustment is no longer required since the methodology to determine the rate paid can only result in one of two options – either the "current statewide per diem average of contract rates for California hospitals with at least 300 beds or the out-of-state hospital's actual billed costs, whichever is less."

Judgment and Order:

- 1) Judgment pursuant to Stipulation, filed April 21, 2004, in the consolidated cases of Chandler Regional Medical Center, et al. v. California Department of Health

Services; Diana M. Bontá, et al., City and County of San Francisco Case No. CGC-01-324400, and

- 2) Arizona Burn Center, et al. v. California Department of Health Services; Diana M. Bontá, et al., City and County of San Francisco Case No. CGC-02-408260.