

## WELFARE AND INSTITUTIONS CODE

### SECTION 14301.4

14301.4. (a) It is the intent of the Legislature, to the extent federal financial participation is not jeopardized and consistent with federal law, that the intergovernmental transfers described in this section provide support for the nonfederal share of risk-based payments to managed care health plans to enable those plans to compensate providers designated by the transferring entity for Medi-Cal health care services and for support of the Medi-Cal program.

(b) For the purposes of this section, the following definitions apply:

(1) "Intergovernmental transfer" or "IGT" means the transfer of public funds by the transferring entity to the state in accordance with the requirements of this section.

(2) "Managed care health plan" means a Medi-Cal managed care plan contracting with the department under this chapter or Article 2.7 (commencing with Section 14087.3), Article 2.8 (commencing with Section 14087.5), Article 2.81 (commencing with Section 14087.96), or Article 2.91 (commencing with Section 14089) of Chapter 7.

(3) "Public provider" means any provider that is able to certify public expenditures under state and federal Medicaid law.

(4) "Rate range increases" means increases to risk-based payments to managed care health plans to increase the payments from the lower bound of the range determined to be actuarially sound to the upper bound of that range, as determined by the department's actuaries to take into account the variations in underwriting, risk, return on investment, and contingencies.

(5) "Transferring entity" means a public entity, which may be a city, county, special purpose district, or other governmental unit in the state, regardless of whether the unit of government is also a health care provider, except as prohibited by federal law.

(c) To the extent permitted by federal law, a transferring entity may elect to make an intergovernmental transfer to the state, and the department may accept all intergovernmental transfers from a transferring entity, for the purposes of providing support for the nonfederal share of risk-based payments to managed care health plans to enable those plans to compensate providers designated by the transferring entity for Medi-Cal health care services and for the support of the Medi-Cal program. The transferring entity shall certify to the department that the funds it proposes to transfer satisfy the requirements of this section and are in compliance with all federal rules and regulations.

(d) (1) Pursuant to paragraphs (2), (3), and (4), the state shall, upon acceptance of the IGT described in subdivision (c), assess a fee of 20 percent on each IGT subject to this section to reimburse the department for the administrative costs of operating the IGT program pursuant to this section and for the support of the Medi-Cal

program.

(2) The IGTs subject to the fee shall be limited to those made by a transferring entity to provide the nonfederal share of rate range increases.

(3) The 20-percent assessment shall not apply to IGTs designated for increases to risk-based payments to managed care health plans intended to increase reimbursement for designated public providers for purposes of equaling the amount of reimbursement the public provider would have received through certified public expenditures under the fee-for-service payment methodology.

(4) The 20-percent assessment shall not apply to IGTs authorized pursuant to Sections 14168.7 and 14182.15.

(e) Participation in the intergovernmental transfers pursuant to this section is voluntary on the part of the transferring entities for the purposes of all applicable federal laws.

(f) The director shall seek any necessary federal approvals for the implementation of this section.

(g) To the extent that the director determines that the payments made pursuant to this section do not comply with the federal Medicaid requirements, the director retains the discretion to return the IGTs or not accept the IGTs.

(h) This section shall be implemented only to the extent that federal financial participation is not jeopardized.

(i) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of policy letters or similar instructions, without taking further regulatory action.

(j) This section shall be implemented on July 1, 2011, or the date on which all necessary federal approvals have been received, whichever is later.