

## **Special Provisions for Managed Care for Persons Transitioning From Agnews and Lanterman Developmental Centers To the Community as Part of Closure**

The Health Omnibus trailer bill (Assembly Bill 97, Chapter 3, Statutes of 2011, Committee on Budget), Section 90, revised Welfare and Institutions Code section 4474.5 related to the closure of Lanterman Developmental Center to read as follows:

### **Section 4474.5 of the Welfare and Institutions Code is amended to read:**

4474.5. (a) In order to meet the unique medical health needs of consumers transitioning from Agnews Developmental Center into Alameda, San Mateo, and Santa Clara Counties pursuant to the Plan for the Closure of Agnews Developmental Center, and consumers transitioning from Lanterman Developmental Center into various health plans *in central and southern California counties pursuant to the Plan for the Closure of Lanterman Developmental Center*, whose individual program plans document the need for coordinated medical and specialty care that cannot be met using the traditional Medi-Cal fee-for-service system, services provided under the contract shall be provided by Medi-Cal managed care health plans that are currently operational in these counties~~as~~. *For consumers transitioning from Agnews Developmental Center, the Medi-Cal managed care health plan shall be a county organized health system or a local initiative if consumers, where applicable, choose to enroll. For consumers transitioning from Lanterman Developmental Center, the Medi-Cal managed care health plan shall be any plan operating in the various counties if consumers choose to enroll or, where applicable, are enrolled by mandate pursuant to Section 14182.* Reimbursement shall be by the State Department of Health Care Services for all Medi-Cal services provided under the contract that are not reimbursed by the Medicare Program.

(b) (1) ~~Medi-Cal managed care health plans enrolling members~~ *consumers transitioning from Agnews Developmental Center as referred to in subdivision (a) shall be further reimbursed for the reasonable cost of administrative services.*  
~~Administrative services~~

(2) *Notwithstanding subdivision (c), Medi-Cal managed care health plans enrolling consumers transitioning from Lanterman Developmental Center as referred to in subdivision (a) shall be paid a full-risk capitation payment.*

(3) *"Administrative services" pursuant to this subdivision include, but are not limited to, coordination of care and case management not provided by a regional center, provider credentialing and contracting, quality oversight, assuring member access to covered services, consultation with Agnews Developmental Center staff, ~~Lanterman Developmental Center staff,~~ regional center staff, State Department of Developmental Services staff, contractors, and family members, and financial management of the program, including claims processing.*

~~Reasonable cost is defined as~~ *"Reasonable cost" means the actual cost incurred by the Medi-Cal managed care health plan, including both direct and indirect costs incurred by the Medi-Cal managed care health plan, in the*

performance of administrative services, but shall not include any incurred costs found by the State Department of Health Care Services to be unnecessary for the efficient delivery of necessary health services. Payment for administrative services shall continue on a reasonable cost basis until sufficient cost experience exists to allow these costs to be part of an all-inclusive capitation rate covering both administrative services and direct patient care services.

(c) Until the State Department of Health Care Services is able to determine by actuarial methods, prospective per capita rates of payment for services for those members who enroll in the Medi-Cal managed care health plans specified in subdivision (a), the State Department of Health Care Services shall reimburse the Medi-Cal managed care health plans for the net reasonable cost of direct patient care services and supplies set forth in the scope of services in the contract between the Medi-Cal managed care health plans and the State Department of Health Care Services and that are not reimbursed by the Medicare Program. ~~Net reasonable cost is defined~~ *"Net reasonable cost" means* the actual cost incurred by the Medi-Cal managed care health plans, as measured by the Medi-Cal managed care health plan's payments to providers of services and supplies, less payments made to the plans by third parties other than Medicare, and shall not include any incurred cost found to be unnecessary by the State Department of Health Care Services in the efficient delivery of necessary health services. Reimbursement shall be accomplished by the State Department of Health Care Services making estimated payments at reasonable intervals, with these estimates being reconciled to actual net reasonable cost at least semiannually.

(d) The State Department of Health Care Services shall seek any approval necessary for implementation of this section from the federal government, for purposes of federal financial participation under Title XIX of the Social Security Act (42 U.S.C. Sec. 1396 et seq.). Notwithstanding any other provision of law, ~~this section subdivisions (a) to (c), inclusive,~~ shall be implemented only to the extent that federal financial participation is available pursuant to necessary federal approvals.