



CALIFORNIA PRISON HEALTH CARE SERVICES

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Receiver-backed Contract Cap to Save Taxpayers \$50m

SBX4 13 Aligns Payments for Contracted Inmate Medical Services Close to MediCare Rates

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(Sacramento, CA) As part of the 2009-10 budget solution, the Receiver has been authorized to cap the rates outside hospitals, doctors and ambulance services can charge the state for inmate patient care. The caps, which are tied to MediCare rates, were authorized by the State Legislature through SBX4 13 (Ducheny) and approved by the Governor.

It is expected that these caps will save the state at least \$50 million. Those anticipated savings were already subtracted from the prison healthcare budget to help solve the state's fiscal crisis.

Under the previous contracts, some outpatient hospitals charged as much as 400% of Medicare rates and some payments to Physicians could average as much as 175 % of Medicare rates. The new state law caps payments for contract providers of:

- Hospital Services at 130 %
- Physician Services at 110%
- Ambulance Services at 120%

Noncontract providers of hospital or physician services (both in state and out-of-state,) are now limited to at a rate equal to or less than the amount payable under the Medicare Fee Schedule.

“ We must always demand fair prices but that’s especially true in these tough economic times. The receivership owes it to the state’s taxpayers to improve prison health care in the most cost-efficient manner possible. Our goal to increase quality while decreasing costs is not simple to achieve but we are committed to doing so through thoughtful, carefully managed and fair policies,” says Federal Prison Health Care Receiver J. Clark Kelso.

The new law allows the Receiver the flexibility to set regulations modifying rates in emergency circumstances when the implementation of the caps impede on access to care. Those exceptions however, must be reported to the Joint Legislative Budget Committee.