



FREQUENTLY ASKED QUESTIONS & ANSWERS

SBX4 13, Ducheny (Chapter 22, Statutes of 2009)

Relating to Medical Services Reimbursement Rates under Penal Code section 5023.5

- Question 1:** What does SBX4 13 do?
Answer: SBX4 13 (Chapter 22, Statutes of 2009) amends Penal Code Section 5023.5 to establish maximum rates, with specified exceptions, that the California Prison Health Care Services (CPHCS) can pay for contracted and non-contracted hospital, physician and ambulance services provided to the California Department of Corrections and Rehabilitation (CDCR) patient-inmates.
- Question 2:** What are the maximum rates for contracted medical services allowed under this bill?
Answer: For hospital services, the maximum reimbursement rate is 130% of Medicare. For physician services, the maximum reimbursement rate is 110% of Medicare. The maximum reimbursement rate for ambulance services is 120% of Medicare.
- Question 3:** Was this bill necessary? Why the change to Penal Code Section 5023.5?
Answer: Yes, this bill was necessary. In light of the current fiscal climate in the State of California, the enactment of this legislation will help the State contain and reduce the cost of medical care provided to California's patient-inmate population while continuing to provide a constitutional level of care, as well as align the cost of this medical care with that provided to the general public under the Medicare reimbursement system.
- Question 4:** Are there resources available to learn more about this legislation and the implementation of the new provisions?
Answer: Yes. CPHCS has initiated outreach efforts, including written notification, to current contracted and non-contracted medical service providers as well as to medical associations to inform them of the new legislation. This includes development of a new webpage on the CPHCS internet site (www.cphcs.ca.gov) which provides information regarding implementation of the legislation and will be updated as new information becomes available. In addition, questions regarding the legislation may be submitted to the CPHCS via e-mail to the CPHCS Medical Contracts Help Desk at chpcshhealthcarecontractshelpdesk@cdcr.ca.gov. To ensure the inquiry is identifiable as related to this legislation, the bill number (SBX4 13) or the code section (Penal Code Section 5023.5) should be entered in the subject line of the e-mail.
- Question 5:** What is the definition of a contract provider versus a noncontract provider?
Answer: A "contract provider" is currently providing services under a fully-executed contract, which has been signed by the provider and the State.
- Question 6:** What is the status of a signed rate agreement?
Answer: Effective September 1, 2009, all signed rate agreements, (letters of agreement [LOA]); will be cancelled as the Department is prohibited from reimbursing medical service providers at any rate that exceeds the statutory limits. Notification letters will soon be mailed to the affected providers.

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- Question 7:** A CPHCS medical contracts analyst is currently processing my contract. What is the status of my contract?
Answer: No further contracts will be executed at rates that exceed the statutory limits.
- Question 8:** What is the process to become a contracted provider?
Answer: Providers interested in directly contracting with CPHCS/CDCR at rates within statutory limits should e-mail their legal business name and contact information to the CPHCS Medical Contracts Help Desk at CPHCShealthcarecontractshelpdesk@cdcr.ca.gov, and request to be contacted by a Contract Analyst.
- Question 9:** Will claims be paid under a signed rate agreement?
Answer: For providers with a signed rate agreement approved by CPHCS, claims with dates of service prior to September 1, 2009, will continue to be paid at those negotiated rates, as allowed by the federal court order.

Claims with dates of service on or after September 1, 2009, will be paid at 100% of the Medicare rate, in accordance with the new legislation and as allowed by the federal court order.
- Question 10:** Does this bill allow for exceptions to these maximum rates?
Answer: Yes. The maximum rate provisions established by this bill do not apply to reimbursement of (1) administrative days; (2) transplant services; (3) services provided pursuant to a competitively bid contract; (4) services provided pursuant to a contract executed prior to September 1, 2009, and (5) services provided through a future CPHCS designated health care network provider.
- Question 11:** Will claims be paid under an individual patient rate agreement for transplant services?
Answer: An individual patient rate agreement for transplant services will be paid at the negotiated rate in the signed rate agreement, since transplant services are excluded from the statute.
- Question 12:** Is a small or rural hospital exempt from the statutory limit?
Answer: No, this statute does not provide an exemption for small or rural hospitals.
- Question 13:** Is a hospital with a medical guarding unit exempt from the statutory limit?
Answer: No, this statute does not provide an exemption for hospitals with a medical guarding unit.
- Question 14:** Is a provider who provides highly specialized types of services exempt from statutory limits?
Answer: No, this statute does not provide an exemption for a provider who provides highly specialized types of services.
- Question 15:** Are onsite prison services provided by physicians exempt from the statutory limit?
Answer: No, this statute does not provide an exemption for onsite prison services provided by physicians.

Please submit further questions to the CPHCS Medical Contracts Help Desk at CPHCShealthcarecontractshelpdesk@cdcr.ca.gov.

These frequently asked questions (FAQ's) will be updated regularly as needed.