



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: 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 3: 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 cphcshealthcarecontractshelpdesk@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 4: What are the maximum rates for new contracted medical services allowed under this bill?

Answer: Effective September 1, 2009 the maximum reimbursement rate for contracted physician services is 110% of Medicare. For contracted ambulance services, the maximum reimbursement rate is 120% of Medicare, and for contracted hospital services, the maximum reimbursement rate is 130% of Medicare.

Question 5: If my contract was signed prior to September 2009, do the maximum rate provisions established by the bill apply to my reimbursement rates?

Answer: No, the maximum rates established by SBX4 13 do not apply to existing signed contracts. For providers with a signed contract approved by CPHCS prior to September 1, 2009, the reimbursement rates will continue to be paid at those negotiated rates.

Question 6: What is the status of my signed rate agreement?

Answer: Effective September 1, 2009, all signed rate agreements (letters of agreement [LOA]) were cancelled as the Department is prohibited from reimbursing medical service providers at any rate that exceeds the statutory limits. Notification letters were mailed to the affected providers.

Question 7: What is the definition of a contract provider versus a noncontract provider?

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Answer: A “contract provider” is currently providing services under a fully-executed contract, which has been signed by the provider and the State. A “noncontract provider” does not have a executed contract and is therefore providing services with the department without a fully-executed contract signed by the provider and the State.

Question 8: How will noncontract providers be reimbursed for services?

Answer: Noncontracted providers of hospital or physician services may only be reimbursed at a rate equal to or less than the amount payable under the Medicare Fee Schedule regardless of whether the hospital is located within or outside of California. Noncontracted providers of ambulance or any other emergency or nonemergency response service may only be reimbursed at the rate payable under the Medicare Fee Schedule regardless of whether the provider is located within or outside of California.

Question 9: 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) competitively bid contracts; (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 10: 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 11: 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 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.

Question 16: Where can people go for up-to-date information on this legislation?

Answer: www.cphcs.ca.gov “Highlights” section on the main page.

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