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WELFARE AND INSTITUTIONS CODE - WIC

DIVISION 9. PUBLIC SOCIAL SERVICES [10000 - 18999.98] (Division 9 added by Stats. 1965, Ch. 1784.)

PART 3. AID AND MEDICAL ASSISTANCE [11000 - 15771] (Part 3 added by Stats. 1965, Ch. 1784.)

CHAPTER 7. Basic Health Care [14000 - 14199.87] (Chapter 7 added by Stats. 1965, 2nd Ex. Sess., Ch. 4.)

ARTICLE 5.1. California Medical Assistance Commission [14165 - 14165.11] (Article 5.1 added by Stats. 1982, Ch. 329, Sec. 11.)

14165. (a) There is hereby created in the Governor's office the California Medical Assistance Commission, for the purpose of contracting with health care delivery systems for the provision of health care services to recipients under the California Medical Assistance program.

(b) Notwithstanding any other provision of law, the commission created pursuant to subdivision (a) shall continue through June 30, 2012, after which, it shall be dissolved and the term of any commissioner serving at that time shall end.

(1) Upon dissolution of the commission, all powers, duties, and responsibilities of the commission shall be transferred to the Director of Health Care Services. These powers, duties, and responsibilities shall include, but are not limited to, those exercised in the operation of the selective provider contracting program pursuant to Article 2.6 (commencing with Section 14081).

(2) (A) On July 1, 2012, notwithstanding any other law, employees of the California Medical Assistance Commission as of June 30, 2012, excluding commissioners, shall transfer to the State Department of Health Care Services.

(B) Employees who transfer pursuant to subparagraph (A) shall be subject to the same conditions of employment under the department as they were under the California Medical Assistance Commission, including retention of their exempt status, until the diagnosis-related groups payment system described in Section 14105.28 replaces the contract-based payment system described in this article.

(C) (i) Notwithstanding any other law or rule, persons employed by the department who transferred to the department pursuant to subparagraph (A) shall be eligible to apply for civil service examinations. Persons receiving passing scores shall have their names placed on lists resulting from these examinations, or otherwise gain eligibility for appointment. In evaluating minimum qualifications, related California Medical Assistance Commission experience shall be considered state civil service experience in a class deemed comparable by the State Personnel Board, based on the duties and responsibilities assigned.

(ii) On the date the diagnosis-related groups payment system described in Section 14105.28 replaces the contract-based system described in this article, employees who transferred to the department pursuant to subparagraph (A) shall transfer to civil service classifications within the department for which they are eligible.

(3) Upon a determination by the Director of Health Care Services that a payment system based on diagnosis-related groups as described in Section 14105.28 that is sufficient to replace the contract-based payment system described in this article has been developed and implemented, the powers, duties, and responsibilities conferred on the commission and transferred to the Director of Health Care Services shall no longer be exercised, excluding all of the following:

(A) Stabilization payments made or committed from Sections 14166.14 and 14166.19 for services rendered prior to the director's determination pursuant to this paragraph.

(B) The ability to negotiate and make payments from the Private Hospital Supplemental Fund, established pursuant to Section 14166.12, and the Nondesignated Public Hospital Supplemental Fund, established pursuant to Section 14166.17.

(C) The ability to continue to administer and distribute payments for the Construction and Renovation Reimbursement Program, in accordance with Sections 14085 to 14085.57, inclusive. Notwithstanding any other law, maintaining or negotiating a selective provider contract pursuant to Article 2.6 (commencing with Section 14081) or a contract with a county organized health system shall cease to be a requirement for a hospital's participation in the Construction and Renovation Reimbursement Program.

(4) Protections afforded to the negotiations and contracts of the commission by the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall be applicable to the negotiations and contracts conducted or entered into pursuant to this section by the State Department of Health Care Services.

(c) Notwithstanding the rulemaking provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, or any other provision of law, the State Department of Health Care Services may implement and administer this section by means of provider bulletins or other similar instructions, without taking regulatory action. The authority to implement this section as set forth in this subdivision shall include the authority to give notice by provider bulletin or other similar instruction of a determination made pursuant to paragraph (3) of subdivision (b) and to modify or supersede existing regulations in Title 22 of the California Code of Regulations that conflict with implementation of this section.

(Amended by Stats. 2013, Ch. 657, Sec. 2. (SB 239) Effective October 8, 2013.)

14165.1. The commission shall be composed of seven voting members and two ex officio members. The voting members shall be selected from persons with experience in management of hospital services, risk management insurance or prepaid health programs, the delivery of health services, the management of county health systems, and a representative of recipients of service. The Directors of the Department of Health Services and the Department of Finance, or their designees, shall serve as ex officio nonvoting members of the commission.

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.2. The Governor shall appoint three members of the commission, one of which shall be designated chairperson. The Speaker of the Assembly and the Senate Rules Committee shall each appoint two members of the commission. Of the members first appointed by the Governor, one shall serve for a term of three years, and two for a term of two years. Of the members appointed by the Speaker of the Assembly and the Senate Rules Committee, one appointed by the Speaker of the Assembly and one appointed by the Senate Rules Committee shall serve for a period of three years with the other appointees to serve for a period of two years. Thereafter, all appointments shall be for four-year terms.

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.3. The commission shall hire an executive director, legal counsel and such other staff as necessary consistent with funds appropriated in the Budget Act. All professional staff employees of the commission shall be exempt from civil service.

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.4. It is the intent of the Legislature that beginning July 1, 1983, the functions, powers, and duties contained in Article 2.6 (commencing with Section 14081) become subject to the provisions contained herein.

(Amended by Stats. 2010, Ch. 717, Sec. 159. (SB 853) Effective October 19, 2010.)

14165.5. The executive director shall act under the authority of the commission and shall negotiate the terms, services, and costs consistent with funds available. The commission shall serve as a review body for all contracts negotiated by the executive director. The commission may reject any proposed contract within 20 days after approval by the executive director.

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.6. The commission shall direct the planning, development and negotiation of contract services which provide for:

(a) The provision of services through a capitation methodology, including, but not limited to, health maintenance organizations, organized county health systems, insurance companies, and independent practice associations.

(b) Hospital inpatient or hospital outpatient services.

(c) Pilot projects meeting the provisions of Section 14491.5.

(d) Health care projects meeting the provisions of Article 2.91 (commencing with Section 14089).

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.7. All decisions of the commission shall be by a majority of four votes, including the hiring of the executive director. The commission shall retain an independent office of legal counsel for purposes of contract review. All contracts shall be reviewed by

legal counsel.

(Added by Stats. 1982, Ch. 329, Sec. 11.)

14165.8. The commission shall be reimbursed at the annual salary of fifty thousand dollars (\$50,000), beginning on January 1, 2006. The commission shall set the salary of the executive director and other staff consistent with funds appropriated. The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

(Amended by Stats. 2005, Ch. 77, Sec. 38. Effective January 1, 2006.)

14165.9. The commission shall report to the Legislature on January 1 and May 1 of each year. The January report shall include all of the following:

- (a) The number and type of health service contracts.
- (b) The persons served, cost per service, and other relevant and statistical information.
- (c) The projected contract services and estimated costs.
- (d) The average per diem rate received by contract hospitals, as of December 1 of the preceding year, shall be reported in the following categories:
 - (1) Statewide.
 - (2) By standard consolidated statistical area, as defined by the most recent United States Census.
 - (3) By that portion of the state not included within a standard consolidated statistical area.
 - (4) Statewide by hospitals with 1–99 beds, 100–299 beds, and over 300 beds.
- (e) The total number of hospitals receiving a net increase, a net decrease, or having a contract rate tied to patient volume during the preceding 12 months.
- (f) A discussion of the effects of selective contracting on access to, and quality of, services. In preparing this portion of the report, the commission shall solicit comments from representatives of beneficiaries and providers.

The May report shall serve as an update of information contained in subdivisions (a) to (c), inclusive, of the January report.

(Amended by Stats. 1988, Ch. 873, Sec. 1.)

14165.95. On or before February 1, 1984, the commission shall submit to the Legislature an evaluation of its inpatient hospital service procedure, including, but not limited to, the following:

- (a) The recommended duration of contracts.
- (b) The effect of the disclosure of executed contracts on the price levels of subsequently negotiated contracts.
- (c) The conditions under which contractors failing to secure a contract on a first bid should be allowed to rebid.
- (d) The effectiveness of contract provisions designed to ensure access to hospital services and a high quality of care.
- (e) The effect of flat per diem rates on the variety of cases treated by contract hospitals.

The evaluation provided for by this section shall be accompanied by a recommendation for any relevant legislation deemed necessary by the commission.

(Added by Stats. 1983, Ch. 182, Sec. 1.)

14165.10. The commission or department may direct independent studies, to include, but not be limited to, the following objectives:

- (a) The development of a method of private medical insurance coverage of the Medi-Cal program as to those Medi-Cal beneficiaries whose medical costs reach a catastrophic level or who become chronically ill.
- (b) The potential for Medi-Cal payment of medical coverage premiums for the various classifications of Medi-Cal beneficiaries.
- (c) For each classification of Medi-Cal beneficiaries, the provision of specified medical benefits on the basis of subsidization by the beneficiaries through the payment of premiums.
- (d) A comparison of Medi-Cal benefits with the medical coverage available to most Californians not covered by Medi-Cal, along with analysis and recommendations concerning alternative benefit packages for Medi-Cal.

(e) The determination of whether health care plans providing services to Medi-Cal beneficiaries should offer less than the full range of Medi-Cal benefits.

(f) The development of alternative standards for beneficiary eligibility and copayment under Medi-Cal.

(g) The development of a method of response to temporary deficits in the Medi-Cal program that will both control expenditures and, to the extent possible, preserve the availability to beneficiaries of essential health services.

(Added by Stats. 1983, Ch. 960, Sec. 7.)

14165.11. (a) It is the intent of the Legislature that the Department of Corrections operate in the most effective and efficient manner possible when purchasing health care services for inmates. To achieve this goal, it is desirable that the department have the benefit of the experience of the California Medical Assistance Commission in planning and negotiating for the purchase of health care services.

(b) The commission may work with the Department of Corrections to assist the department in planning and negotiating contracts for the purchase of health care services. The commission may either consult with the department or negotiate directly with providers on behalf of the department, as mutually agreed upon by the commission and the department.

(Added by Stats. 1995, Ch. 749, Sec. 10. Effective October 10, 1995.)