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SB-136 Medi-Cal: managed care organization provider tax. (2023-2024)

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Senate Bill No. 136

CHAPTER 6

An act to amend Section 14199.85 of the Welfare and Institutions Code, relating to Medi-Cal, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor March 25, 2024. Filed with Secretary of State March 25, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 136, Committee on Budget and Fiscal Review. Medi-Cal: managed care organization provider tax.

Existing law establishes the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Under existing law, one of the methods by which Medi-Cal services are provided is pursuant to contracts with various types of managed care plans.

Existing law imposes a managed care organization (MCO) provider tax, administered and assessed by the department, on licensed health care service plans and managed care plans contracted with the department. Under existing law, all revenues, less refunds, derived from the taxes are deposited into the Managed Care Enrollment Fund, to be available to the department, upon appropriation, for the purpose of funding specified subcomponents to support the Medi-Cal program.

Existing law sets forth certain taxing tiers and tax amounts for purposes of the tax periods of April 1, 2023, to December 31, 2023, inclusive, and the 2024, 2025, and 2026 calendar years. Under existing law, the Medi-Cal per enrollee tax amount for Medi-Cal taxing tier II, as defined, is \$182.50 for the 2024 calendar year, \$187.50 for the 2025 calendar year, and \$192.50 for the 2026 calendar year.

This bill would raise that tax amount for that tier to \$205 for all 3 of those calendar years.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14199.85 of the Welfare and Institutions Code is amended to read:

14199.85. (a) For each tax period, the Medi-Cal taxing tiers shall be as follows:

(1) Medi-Cal taxing tier I shall consist of all countable Medi-Cal enrollees in a health plan from zero to 1,250,000, inclusive.

(2) Medi-Cal taxing tier II shall consist of all countable Medi-Cal enrollees in a health plan from 1,250,001 to 4,000,000, inclusive.

(3) Medi-Cal taxing tier III shall consist of all countable Medi-Cal enrollees in a health plan greater than 4,000,000.

(b) For each tax period, the other taxing tiers shall be as follows:

(1) Other taxing tier I shall consist of all countable other enrollees in a health plan from zero to 1,250,000, inclusive.

(2) Other taxing tier II shall consist of all countable other enrollees in a health plan from 1,250,001 to 4,000,000, inclusive.

(3) Other taxing tier III shall consist of all countable other enrollees in a health plan greater than 4,000,000.

(c) For the period of April 1, 2023, through December 31, 2023, the Medi-Cal per enrollee tax amount for each Medi-Cal taxing tier shall be as follows:

(1) The Medi-Cal per enrollee tax for Medi-Cal taxing tier I shall be zero dollars (\$0).

(2) The Medi-Cal per enrollee tax for Medi-Cal taxing tier II shall be one hundred eighty-two dollars and fifty cents (\$182.50).

(3) The Medi-Cal per enrollee tax for Medi-Cal taxing tier III shall be zero dollars (\$0).

(d) For the period of April 1, 2023, through December 31, 2023, the other per enrollee tax amount for each other taxing tier shall be as follows:

(1) The other per enrollee tax for the other taxing tier I shall be zero dollars (\$0).

(2) The other per enrollee tax for the other taxing tier II shall be one dollar and seventy-five cents (\$1.75).

(3) The other per enrollee tax for the other taxing tier III shall be zero dollars (\$0).

(e) For the 2024 calendar year, the Medi-Cal per enrollee tax amount for each Medi-Cal taxing tier shall be as follows:

(1) The Medi-Cal per enrollee tax for Medi-Cal taxing tier I shall be zero dollars (\$0).

(2) The Medi-Cal per enrollee tax for Medi-Cal taxing tier II shall be two hundred five dollars (\$205).

(3) The Medi-Cal per enrollee tax for Medi-Cal taxing tier III shall be zero dollars (\$0).

(f) For the 2024 calendar year, the other per enrollee tax amount for each other taxing tier shall be as follows:

(1) The other per enrollee tax for the other taxing tier I shall be zero dollars (\$0).

(2) The other per enrollee tax for the other taxing tier II shall be one dollar and seventy-five cents (\$1.75).

(3) The other per enrollee tax for the other taxing tier III shall be zero dollars (\$0).

(g) For the 2025 calendar year, the Medi-Cal per enrollee tax amount for each Medi-Cal taxing tier shall be as follows:

(1) The Medi-Cal per enrollee tax for Medi-Cal taxing tier I shall be zero dollars (\$0).

(2) The Medi-Cal per enrollee tax for Medi-Cal taxing tier II shall be two hundred five dollars (\$205).

(3) The Medi-Cal per enrollee tax for Medi-Cal taxing tier III shall be zero dollars (\$0).

(h) For the 2025 calendar year, the other per enrollee tax amount for each other taxing tier shall be as follows:

(1) The other per enrollee tax for the other taxing tier I shall be zero dollars (\$0).

(2) The other per enrollee tax for the other taxing tier II shall be two dollars (\$2).

(3) The other per enrollee tax for the other taxing tier III shall be zero dollars (\$0).

(i) For the 2026 calendar year, the Medi-Cal per enrollee tax amount for each Medi-Cal taxing tier shall be as follows:

(1) The Medi-Cal per enrollee tax for Medi-Cal taxing tier I shall be zero dollars (\$0).

(2) The Medi-Cal per enrollee tax for Medi-Cal taxing tier II shall be two hundred five dollars (\$205).

(3) The Medi-Cal per enrollee tax for Medi-Cal taxing tier III shall be zero dollars (\$0).

(j) For the 2026 calendar year, the other per enrollee tax amount for each other taxing tier shall be as follows:

- (1) The other per enrollee tax for the other taxing tier I shall be zero dollars (\$0).
- (2) The other per enrollee tax for the other taxing tier II shall be two dollars and twenty-five cents (\$2.25).
- (3) The other per enrollee tax for the other taxing tier III shall be zero dollars (\$0).

(k) (1) The department may modify or make adjustments to any methodology, tax amount, taxing tier, or other provision specified in this article to the extent that it deems necessary to meet the requirements of federal law or regulations, to obtain or maintain federal approval, or to ensure federal financial participation is available or is not otherwise jeopardized, provided the modification or adjustment does not otherwise conflict with the purposes of this article, or result in an increase in the aggregate tax amounts projected to be collected under this article that the department, in its sole discretion, determines is significant.

(2) If the department identifies that modification or adjustment is necessary in accordance with paragraph (1), the department shall consult with affected health plans, to the extent practicable, to implement that modification or adjustment.

(3) In the event of a modification or adjustment made pursuant to this subdivision, the department shall notify affected health plans, the Department of Finance, the Joint Legislative Budget Committee, the Senate Committees on Appropriations, Budget and Fiscal Review, and Health, and the Assembly Committees on Appropriations, Budget, and Health within 10 business days of that modification or adjustment.

(l) The department shall request approval from the federal Centers for Medicare and Medicaid Services as is necessary to implement this article. In making that request, the department may seek, as it deems necessary, a request for waiver of the broad-based requirement, waiver of the uniformity requirement, or both, pursuant to Section 433.68(e)(1) and (2) of Title 42 of the Code of Federal Regulations, or a request for waiver of any other federal law or regulation necessary to implement this article.

(m) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement this article by means of provider bulletins, all-plan letters, or other similar instructions, without taking any further regulatory action. The department shall provide notification to the Department of Finance, the Joint Legislative Budget Committee, the Senate Committees on Appropriations, Budget and Fiscal Review, and Health, and the Assembly Committees on Appropriations, Budget, and Health within 10 business days after the above-described action is taken.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to implement a new managed care organization provider tax at the earliest possible effective date allowable under federal law, to best position the state to maintain and improve access to care, maximize federal financial participation, and minimize the need for any new reductions to the Medi-Cal program, it is necessary that this act take effect immediately.