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**AB-835 Medi-Cal: skilled nursing facility services.** (2025-2026)

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AMENDED IN ASSEMBLY MARCH 13, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 835**

Introduced by Assembly Member Calderon

February 19, 2025

An act to amend Section ~~307.5 of the Welfare and Institutions Code, relating to juveniles~~: *14126.024 of the Welfare and Institutions Code, relating to Medi-Cal.*

**LEGISLATIVE COUNSEL'S DIGEST**

AB 835, as amended, Calderon. ~~Juveniles: dependency~~. *Medi-Cal: skilled nursing facility services.*

*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.*

*Existing law, the Medi-Cal Long-Term Care Reimbursement Act, requires the department, subject to any necessary federal approvals, for managed care rating periods that begin between January 1, 2023, and December 31, 2026, inclusive, to establish and implement the Workforce and Quality Incentive Program. Under that program, a network provider furnishing skilled nursing facility services to a Medi-Cal managed care enrollee is authorized to earn performance-based directed payments from the Medi-Cal managed care plan with which they contract, as specified, in addition to other certain payments.*

*This bill would remove from the above-described provision the qualification that the provider be within the network. The bill would make conforming changes to related provisions. Under the bill, pursuant to conditions of eligibility for directed payments under certain federal regulations, payments made under the Workforce and Quality Incentive Program would be retroactively calculated and paid based on the total number of days, effective July 9, 2024, during which the facility provided services to Medi-Cal beneficiaries, regardless of whether the facility was a network provider.*

~~Existing law authorizes a peace officer to take a minor into temporary custody without a warrant in certain circumstances, including when the officer has reasonable cause to believe that the minor may be subject to the dependency jurisdiction of the juvenile court and that the minor has an immediate need for medical care, the minor is in immediate danger of physical or sexual abuse, or the physical environment or the fact that the minor is left unattended poses an immediate threat to the minor's health or safety. Under existing law, an officer who takes a minor into temporary custody under that authority is authorized to take the minor~~

~~to a community service program for abused or neglected children if it is in the best interest of the minor and the public.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

Vote: majority Appropriation: no Fiscal Committee: ~~no~~yes Local Program: no

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

### **SECTION 1.** *Section 14126.024 of the Welfare and Institutions Code is amended to read:*

**14126.024.** (a) (1) For managed care rating periods that begin between January 1, 2023, and December 31, 2026, inclusive, the department, in consultation with representatives from the long-term care industry, organized labor, consumer advocates, and Medi-Cal managed care plans, shall establish and implement the Workforce and Quality Incentive Program under which a ~~network~~ provider furnishing skilled nursing facility services to a Medi-Cal managed care enrollee may earn performance-based directed payments from the Medi-Cal managed care plan ~~they contract~~ with *which they contract* in accordance with this section.

*(2) For purposes of performance-based directed payments to a facility, as described in paragraph (1), made retroactively to July 9, 2024, the Medi-Cal managed care plan shall follow the process described in subdivision (k).*

(b) Subject to appropriation by the Legislature in the annual Budget Act, the department shall do all of the following:

(1) Set the amount of performance-based directed payments to target an aggregate amount of two hundred eighty million dollars (\$280,000,000) for the 2023 calendar year.

(2) For the 2024 through 2026 calendar years, the department shall set the amount of the performance-based directed payments to target the previous calendar year's target plus the annual increase specified by clause (ii) of subparagraph (A) of paragraphs (18), (19), and (20) of subdivision (c) of Section 14126.033.

(3) No sooner than December 31, 2023, the department shall make a one-time increase to the performance-based directed payment target amount by the amounts described in subdivision (f) of Section 14126.032. This one-time increase shall not be factored into the amount calculated for a subsequent calendar year pursuant to paragraph (2).

(c) The department, in consultation with stakeholders listed in subdivision (a), shall establish the methodology or methodologies, parameters, and eligibility criteria for the directed payments pursuant to this section. This shall include, but is not limited to, the milestones and metrics that ~~network~~ providers of skilled nursing facility services must meet in order to receive a directed payment from a Medi-Cal managed care plan pursuant to this section, with at least two of these milestones and metrics tied to workforce measures. Subject to subdivision (j), the department may implement the directed payment described in this section using one or more of the models authorized at Section 438.6(c)(1)(i)-(iii), inclusive, of Title 42 of the Code of Federal Regulations.

(d) A freestanding pediatric subacute care facility, as defined in Section 51215.8 of Title 22 of the California Code of Regulations, shall be exempt from the directed payments described in this section.

(e) Notwithstanding any other law, special program services for the mentally disordered that are entitled to receive the supplemental payment under Section 51511.1 of Title 22 of the California Code of Regulations shall be exempt from the directed payments described in this section.

(f) Directed payments made pursuant to this section shall be in addition to any other payments made by ~~the~~ a Medi-Cal managed care plan to applicable ~~network~~ providers of skilled nursing facility services and shall not supplant amounts that would otherwise be payable by a Medi-Cal managed care plan to a provider of skilled nursing facility services, including those payments made in accordance with paragraph (2) of subdivision (b) of Section 14184.201.

(g) For managed care rating periods during which this section is implemented, capitation rates paid by the department to a Medi-Cal managed care plan shall be actuarially sound and shall account for the directed payments described in this section.

(h) The department may require Medi-Cal managed care plans and ~~network~~ providers of skilled nursing facility services to submit information *that* the department deems necessary to implement this section, at the times and in the form and manner specified by the department.

(i) Payments pursuant to this section shall be made in accordance with the requirements for directed payment arrangements described in Section 438.6(c) of Title 42 of the Code of Federal Regulations and any associated federal guidance.

(j) In implementing this section, the department may contract, as necessary, with California's Medicare Quality Improvement Organization, or other entities deemed qualified by the department, not associated with a skilled nursing facility, to assist with development, collection, analysis, and reporting of the performance data pursuant to this section. The department may enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis for purposes of implementing this

subdivision. Contracts entered into or amended pursuant to this subdivision shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, ~~and the~~ State Administrative Manual, and the State Contracting Manual, and shall be exempt from the review or approval of any division of the ~~State~~ Department of General Services.

*(k) Pursuant to conditions of eligibility for directed payments under Section 438.6 of Title 42 of the Code of Federal Regulations, payments made pursuant to this section shall be retroactively calculated and paid based on the total number of days, effective July 9, 2024, during which the facility provided services to Medi-Cal beneficiaries, regardless of whether the facility was a network provider.*

~~(k)~~

*(l)* This section shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.

~~(l)~~

*(m)* For purposes of this section, the following definitions apply:

(1) "Medi-Cal managed care plan" has the same meaning as set forth in subdivision (j) of Section 14184.101.

(2) "Network provider" has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.

(3) "Skilled nursing facility" has the same meaning as set forth in subdivision (c) of Section 1250 of the Health and Safety Code, excluding a nursing facility that is a distinct part of a facility that is licensed as a general acute care hospital as described in subdivision (a) of Section 1250 of the Health and Safety Code.

~~SECTION 1. Section 307.5 of the Welfare and Institutions Code is amended to read:~~

~~307.5. Notwithstanding Section 307, an officer who takes a minor suspected of being a person described in Section 300 into temporary custody pursuant to subdivision (a) of Section 305 may, in a case where the officer deems that it is in the best interest of the minor and the public, take the minor to a community service program for abused or neglected children. Organizations or programs receiving referrals pursuant to this section shall have a contract or an agreement with the county to provide shelter care or counseling. Employees of a program receiving referrals pursuant to this section are "childcare custodians" for the purpose of the requirements of Section 11165.7 of the Penal Code. The receiving organization shall take immediate steps to notify the minor's parent, guardian, or a responsible relative of the place to which the minor was taken.~~