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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 3@ Health Care Services

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Article 7.5@ HOSPITAL INPATIENT SERVICES REIMBURSEMENT SECTION

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Section 51541@ Hospital Inpatient Services Reimbursement

51541 Hospital Inpatient Services Reimbursement

(a)

Except as provided in Welfare and Institutions Code, Division 9, Part 3, Chapter 8 regarding Prepaid Plans, reimbursement for hospital inpatient services provided to Medi-Cal beneficiaries shall be based on either of the following two reimbursement methodologies:(1) Negotiated contract reimbursement. "Negotiated contract reimbursement" means that method of reimbursement as specified in an executed contract resulting from negotiations, competitive bidding or any other method the special hospital negotiator, as defined in Welfare and Institutions Code Section 14082, or, on or after July 1, 1983, the California Medical Assistance Commission, as defined in Welfare and Institutions Code Sections 14165 and 14165.5 deems appropriate. (2) Hospital reimbursement as otherwise described in this article.

(1)

Negotiated contract reimbursement. "Negotiated contract reimbursement" means that method of reimbursement as specified in an executed contract resulting from negotiations, competitive bidding or any other method the special hospital negotiator, as defined in Welfare and Institutions Code Section 14082, or, on or after July 1, 1983, the California Medical Assistance Commission, as defined in Welfare and Institutions Code Sections 14165 and 14165.5 deems appropriate.

(2)

Hospital reimbursement as otherwise described in this article.

(b)

Hospital reimbursement as otherwise described in this article shall be used to reimburse hospitals for hospital inpatient services prior to implementation of negotiated contract reimbursement.

(c)

Contracting Process. The process used for negotiated contract reimbursement will contain the following steps: (1) All acute care hospitals in Health Facilities Planning Areas (HFPA) selected by the special hospital negotiator in the State of California will be notified by the special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission, of the opportunity to contract for the provision of inpatient services to Medi-Cal beneficiaries. State hospitals and hospitals owned by the U.S. Government will not be included in the notification process. (2) Hospitals which indicate an interest in contracting with the Medi-Cal Program will be asked to present their proposal to the special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission. (3) The special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission will contract with a sufficient number of hospitals to assure accessibility of inpatient hospital services, to Medi-Cal beneficiaries within normal community travel time or 30 minutes whichever is greater. (4) The special hospital negotiator will first evaluate the amount of inpatient hospital services historically rendered to Medi-Cal patients in each HFPA and will determine the Medi-Cal patients' needs. Projections of service needs for patients within each HFPA will then be established. Projected needs will be met by negotiated contract reimbursement or hospital reimbursement as otherwise described in this article. Hospital reimbursement, as otherwise described in this article, will be used for those services and beneficiaries exempt from the Selective Provider Contracting

Program. Hospital capacity projected to be needed in one HFPA may be contracted for in another HFPA so long as the normal community travel practices are considered and provided for. (5) All affected acute care hospitals in each HFPA will be notified when projected needs have been met in accordance with paragraphs (3) and (4). Affected hospitals will be designated as contracting or non-contracting and Medi-Cal physicians and beneficiaries will be notified that inpatient services, except as provided for in subsection (6) below, will only be provided in contracting hospitals. Affected hospitals will not include state hospitals, children's and charitable research hospitals as defined in Welfare and Institutions Code Section 14087.2, hospitals owned or operated by the U.S. Government, and out-of-state hospitals. (6) Hospitals designated as non-contracting will no longer be eligible to receive reimbursement for services provided to Medi-Cal beneficiaries except under any one of the following circumstances: (A) Provision of inpatient hospital services as defined in Welfare and Institutions Code Section 14087. (B) Provision of inpatient hospital services to a Medi-Cal beneficiary where the travel time from a beneficiary's home to a contract hospital, exceeds the normal practice for the community or 30 minutes, whichever is greater, and the non-contracting hospital providing services is closer to the beneficiary's home than a contracting hospital. (C) Provision of inpatient hospital services to a Medicare Part A crossover patient by a non-contracting hospital, subsequent to the exhaustion of Medicare inpatient benefits and, as long as the beneficiary is in a life threatening or emergency situation which could result in permanent impairment. (7) Once designation has occurred in accordance with paragraph (5), the special hospital negotiator is exempt from the provisions of paragraphs (1) and (2).

(1)

All acute care hospitals in Health Facilities Planning Areas (HFPA) selected by the

special hospital negotiator in the State of California will be notified by the special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission, of the opportunity to contract for the provision of inpatient services to Medi-Cal beneficiaries. State hospitals and hospitals owned by the U.S. Government will not be included in the notification process.

(2)

Hospitals which indicate an interest in contracting with the Medi-Cal Program will be asked to present their proposal to the special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission.

(3)

The special hospital negotiator or, on or after July 1, 1983, the California Medical Assistance Commission will contract with a sufficient number of hospitals to assure accessibility of inpatient hospital services, to Medi-Cal beneficiaries within normal community travel time or 30 minutes whichever is greater.

(4)

The special hospital negotiator will first evaluate the amount of inpatient hospital services historically rendered to Medi-Cal patients in each HFPA and will determine the Medi-Cal patients' needs. Projections of service needs for patients within each HFPA will then be established. Projected needs will be met by negotiated contract reimbursement or hospital reimbursement as otherwise described in this article. Hospital reimbursement, as otherwise described in this article, will be used for those services and beneficiaries exempt from the Selective Provider Contracting Program. Hospital capacity projected to be needed in one HFPA may be contracted for in another HFPA so long as the normal community travel practices are considered and provided for.

(5)

All affected acute care hospitals in each HFPA will be notified when projected needs

have been met in accordance with paragraphs (3) and (4). Affected hospitals will be designated as contracting or non-contracting and Medi-Cal physicians and beneficiaries will be notified that inpatient services, except as provided for in subsection (6) below, will only be provided in contracting hospitals. Affected hospitals will not include state hospitals, children's and charitable research hospitals as defined in Welfare and Institutions Code Section 14087.2, hospitals owned or operated by the U.S. Government, and out-of-state hospitals.

(6)

Hospitals designated as non-contracting will no longer be eligible to receive reimbursement for services provided to Medi-Cal beneficiaries except under any one of the following circumstances: (A) Provision of inpatient hospital services as defined in Welfare and Institutions Code Section 14087. (B) Provision of inpatient hospital services to a Medi-Cal beneficiary where the travel time from a beneficiary's home to a contract hospital, exceeds the normal practice for the community or 30 minutes, whichever is greater, and the non-contracting hospital providing services is closer to the beneficiary's home than a contracting hospital. (C) Provision of inpatient hospital services to a Medicare Part A crossover patient by a non-contracting hospital, subsequent to the exhaustion of Medicare inpatient benefits and, as long as the beneficiary is in a life threatening or emergency situation which could result in permanent impairment.

(A)

Provision of inpatient hospital services as defined in Welfare and Institutions Code Section 14087.

(B)

Provision of inpatient hospital services to a Medi-Cal beneficiary where the travel time from a beneficiary's home to a contract hospital, exceeds the normal practice for the community or

30 minutes, whichever is greater, and the non-contracting hospital providing services is closer to the beneficiary's home than a contracting hospital.

(C)

Provision of inpatient hospital services to a Medicare Part A crossover patient by a non-contracting hospital, subsequent to the exhaustion of Medicare inpatient benefits and, as long as the beneficiary is in a life threatening or emergency situation which could result in permanent impairment.

(7)

Once designation has occurred in accordance with paragraph (5), the special hospital negotiator is exempt from the provisions of paragraphs (1) and (2).