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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 4.1@ Two-Plan Model Managed Care Program

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Article 6@ Operational Requirements

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Section 53869@ Capitation Payment, Payment Rate Determination/Redetermination

53869 Capitation Payment, Payment Rate Determination/Redetermination

(a)

In making capitation payments, the department shall adhere to the requirements specified in section 53320. Per capita rates of payment, by the department, for services provided to beneficiaries enrolled in each plan in a designated region shall be payable effective the date a beneficiary's enrollment takes effect. Capitation payments by a plan to a primary care provider or clinic contracting with a plan on a capitation basis shall be payable effective the date of the beneficiary's enrollment where the beneficiary's assignment to or selection of a plan has been confirmed by the plan. However, capitation payments by a plan to a primary care provider for a beneficiary whose assignment to or selection of a primary care provider was not confirmed by the plan on the date of the beneficiary's enrollment, but is later confirmed by the plan, shall be payable no later than 30 days after the beneficiary's enrollment.

(b)

The department shall determine capitation payment rates annually by actuarial methods with assistance from an actuary or consulting actuary, except that the department reserves the right to redetermine rates on an actuarial basis or move to a negotiated rate for each rate year.

(c)

The rates shall not exceed actuarially equivalent Medi-Cal fee-for-service costs. These costs shall be determined by viewing the total services and requirements, including administration, provided under this Chapter by a local initiative or commercial plan, as though such services and requirements were reimbursable under Chapter 3. For the purposes of this section: (1) Costs of administration include, but are not limited to: (A) Salaries, bonuses or benefits paid or incurred with respect to the officers, directors, partners, trustees or other principal management of the plan, minus, to the extent that such persons also are providers of health care services, the minimum reasonable cost of obtaining such health care services from other persons. (B) Cost of marketing. (C) Legal and accounting fees and expenses. (D) Costs associated with the establishment and maintenance of agreements with providers of health care services, excluding the cost of reviewing quality and utilization of such services and cost of reviewing utilization of health care services on a referral basis. (E) Premium on required fidelity and surety bonds and any insurance maintained pursuant to Health and Safety Code, section 1377, and any insurance or other expense incurred for the purpose of complying with Health and Safety Code, section 1375.1. (F) Costs of preparing reports required by this Chapter. (G) Costs of maintaining facilities for administrative services. (2) Costs of administration shall not include: (A) Bad debt write-off. (B) Donations. (C) Out-of-state and out-of country travel. (D) Expenditures for commercial market development. (E) Stock losses. (F) Good will. (G) Malpractice insurance.

(1)

Costs of administration include, but are not limited to: (A) Salaries, bonuses or benefits paid or incurred with respect to the officers, directors, partners, trustees or other principal management of the plan, minus, to the extent that such persons also are

providers of health care services, the minimum reasonable cost of obtaining such health care services from other persons. (B) Cost of marketing. (C) Legal and accounting fees and expenses. (D) Costs associated with the establishment and maintenance of agreements with providers of health care services, excluding the cost of reviewing quality and utilization of such services and cost of reviewing utilization of health care services on a referral basis. (E) Premium on required fidelity and surety bonds and any insurance maintained pursuant to Health and Safety Code, section 1377, and any insurance or other expense incurred for the purpose of complying with Health and Safety Code, section 1375.1. (F) Costs of preparing reports required by this Chapter. (G) Costs of maintaining facilities for administrative services.

(A)

Salaries, bonuses or benefits paid or incurred with respect to the officers, directors, partners, trustees or other principal management of the plan, minus, to the extent that such persons also are providers of health care services, the minimum reasonable cost of obtaining such health care services from other persons.

(B)

Cost of marketing.

(C)

Legal and accounting fees and expenses.

(D)

Costs associated with the establishment and maintenance of agreements with providers of health care services, excluding the cost of reviewing quality and utilization of such services and cost of reviewing utilization of health care services on a referral basis.

(E)

Premium on required fidelity and surety bonds and any insurance maintained pursuant to Health and Safety Code, section 1377, and any insurance or other expense incurred for the

purpose of complying with Health and Safety Code, section 1375.1.

(F)

Costs of preparing reports required by this Chapter.

(G)

Costs of maintaining facilities for administrative services.

(2)

Costs of administration shall not include: (A) Bad debt write-off. (B) Donations. (C) Out-of-state and out-of country travel. (D) Expenditures for commercial market development. (E) Stock losses. (F) Good will. (G) Malpractice insurance.

(A)

Bad debt write-off.

(B)

Donations.

(C)

Out-of-state and out-of country travel.

(D)

Expenditures for commercial market development.

(E)

Stock losses.

(F)

Good will.

(G)

Malpractice insurance.

(d)

Capitation rates shall be effective for one year beginning the first day of October each year. In the event that payment of the new rates is delayed beyond the first

day of October, continued payment of the rate in effect shall be interim payment only. Final payment shall be: (1) Adjusted by any increase or decrease to the level of the new rates. (2) Effective as of the first day of October.

(1)

Adjusted by any increase or decrease to the level of the new rates.

(2)

Effective as of the first day of October.

(e)

Notwithstanding subsection (d), payment of the new annual rates shall commence no later than December 1, provided that a contract amendment providing for the new annual rates has been prior approved by the United States Department of Health and Human Services, and signed by the department and the plan, but has not yet received the approval of all required control agencies and departments.

(f)

Contract amendments providing for the new annual rates shall provide that: (1) The plan stipulates to a confession of judgment, for any amounts received in excess of the final approved rate, by accepting payment of the new annual rates prior to final approval.

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The plan stipulates to a confession of judgment, for any amounts received in excess of the final approved rate, by accepting payment of the new annual rates prior to final approval.

(g)

Any underpayment by the State, if the final approved rates differ from the rates set forth in an amendment providing for new annual rates, shall be paid by the department to the plan within 30 days after final approval of such rate

amendment.

(h)

Any overpayment by the department shall be recovered by withhold of the amount due from the plan's next capitation payment, not to exceed 25 percent of the capitation payment. If the overpayment is more than 25 percent, amounts up to 25 percent shall be withheld from each successive capitation payment until such deficiencies are recovered by the department. Upon termination the department may recover all amounts outstanding from the last capitation payment.

(i)

The contract between the department and a local initiative or commercial plan shall include: (1) The monthly capitation rates. (2) A description of the actuarial method, assumptions, cost information and utilization rates used in determining the rates.

(1)

The monthly capitation rates.

(2)

A description of the actuarial method, assumptions, cost information and utilization rates used in determining the rates.

(j)

In redetermining capitation rates, the department shall follow to the requirements specified in section 53322.