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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 6@ PRIMARY CARE CASE MANAGEMENT PLANS

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Article 3@ OPERATIONAL REQUIREMENTS

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Section 56251@ Assumption of Financial Risk

56251 Assumption of Financial Risk

(a)

PCCM plans shall be responsible for the total costs, except as otherwise provided in this chapter, of services covered at risk rendered to members under PCCM contracts.

(b)

If so agreed by contract, the Department shall bear the costs of providing medically necessary covered services to a member when costs, based on Medi-Cal schedules of reimbursement and exclusive of third-party recoveries, exceed the risk limit in the aggregate during the 12-month period specified in the contract. The risk limit shall be determined annually, at the same time and using the same data base as used in the determination of new annual rates pursuant to section 56321, and shall be stated in the contract. The Department shall bear costs only for the period of time between the date on which the aggregate amount exceeds the risk limit, and the end of the 12-month period specified in the contract. Within 90 calendar days after submittal of the documentation required in subdivision (b)(2), the Department shall determine whether services are medically necessary and the amounts payable under the schedule of Medi-Cal benefits are reasonable prior to payment.(1) Members whose cost of care exceeds the risk limit in the 12-month period shall not be disenrolled by the PCCM plan solely for that reason. The PCCM plan shall continue to provide case management and any other services

specified by its PCCM contract with the Department. (2) PCCM plans shall submit to the Department documentation of accumulated costs which result in reaching the risk limit and of all costs in excess of the limit.

(1)

Members whose cost of care exceeds the risk limit in the 12-month period shall not be disenrolled by the PCCM plan solely for that reason. The PCCM plan shall continue to provide case management and any other services specified by its PCCM contract with the Department.

(2)

PCCM plans shall submit to the Department documentation of accumulated costs which result in reaching the risk limit and of all costs in excess of the limit.

(c)

A PCCM plan shall not enter into any subcontract which would remove the PCCM plan's obligation to bear a significant portion of the overall risk assumed in providing capitated services under this Chapter.

(d)

Significant portion of risk shall be the financial responsibility for all expenditures which exceed 115 percent of the specific total expenditures made under each subcontract in excess of the amount paid to the subcontractor by the PCCM plan in any contract year.