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## California Code, Welfare and Institutions Code - WIC § 14087.3

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(a) The director may contract, on a bid or nonbid basis, with any qualified individual, organization, or entity to provide services to, arrange for or case manage the care of Medi-Cal beneficiaries. At the director's discretion, the contract may be exclusive or nonexclusive, statewide or on a more limited geographic basis, and include provisions to do the following:

(1) Perform targeted case management of selected services or beneficiary populations where it is expected that case management will reduce program expenditures.

(2) Provide for delivery of services in a manner consistent with managed care principles, techniques, and practices directed at ensuring the most cost-effective and appropriate scope, duration, and level of care.

(3) Provide for alternate methods of payment, including, but not limited to, a prospectively negotiated reimbursement rate, fee-for-service, retainer, capitation, shared savings, volume discounts, lowest bid price, negotiated price, rebates, or other basis.

(4) Secure services directed at any or all of the following:

(A) Recruiting and organizing providers to care for Medi-Cal beneficiaries.

(B) Designing and implementing fiscal or other incentives for providers to participate in the Medi-Cal program in cost-effective ways.

(C) Linking beneficiaries with cost-effective providers.

(5) Provide for:

(A) Medi-Cal managed care plans contracting under this chapter or Chapter 8 (commencing with [Section 14200](#)) to share in the efficiencies and economies realized by those contracts.

- (B) Effective coordination between contractors operating under this article and Medi-Cal managed care plans in the management of health care provided to Medi-Cal beneficiaries.
- (6) Permit individual physicians, groups of physicians, or other providers to participate in a manner that supports the organized system mode of operation.
- (7) Encourage group practices with relationships with hospitals having low unit costs.
- (b) The director may require individual physicians, groups of physicians, or other providers as a condition of participation under the Medi-Cal program, to enter into capitated contracts pursuant to this section in order to correct or prevent irregular or abusive billing practices. No physician, groups of physicians, or other providers shall be reimbursed for services rendered to Medi-Cal beneficiaries if the physician, group of physicians, or other providers has declined to enter into a contract required by the director pursuant to this section.
- (c) The department shall seek federal waivers necessary to allow for federal financial participation under this section.
- (d)(1) Notwithstanding the provisions of this chapter, the department shall determine preliminary per capita rates of payment for services provided to Medi-Cal beneficiaries enrolled in a managed care program contracting in areas specified by the director for expansion of the Medi-Cal managed care program under this section, or [Sections 14018.7](#), [14087.31](#), [14087.35](#), [14087.36](#), [14087.38](#), or [14087.96](#). The department shall provide to each managed care plan the preliminary contract rates and source documents at least 60 days prior to the effective date of each new rate period.
- (2) On or before June 1, 1999, the department shall enter into a memorandum of understanding with the managed care plans subject to paragraph (1) regarding the development of capitation rates. This memorandum of understanding, which is intended to ensure that capitation rates become effective in a timely manner and remain stable throughout the rate year, shall establish all of the following:
- (A) A process and timetable for the managed care plans to review and comment on any modifications in the rate development methodology.
- (B) A process and timetable for managed care plans to provide comments on the draft rates.
- (C) A process and timetable for the department to respond to managed care plan comments on the draft rates.
- (D) A process and timetable to managed care finalize capitation rates.