



GOVERNMENT RELATIONS UPDATE

June 6, 2013

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Federal Budget for 2014

Over the last several months, Congress and the President issued competing budget proposals for federal fiscal year (FY) 2014, which begins October 1. In March, the U.S. House of Representatives and the U.S. Senate passed separate, non binding, budget proposals, each of which includes sizeable spending reductions in public health insurance programs, including Medicaid. The Senate budget includes \$10 billion in Medicaid cuts over the next 10 years, while the House budget includes a whopping \$756 billion in Medicaid cuts over the same time period. Annually, the federal government spends about \$260 billion on Medicaid.

In April, President Obama weighed in with his own budget proposal, which includes \$20 billion in Medicaid cuts over 10 years, plus a 66% reduction in funding for the Children's Hospital Graduate Medical Education Program for FY 2014.

Children's Hospital has been and will continue to work with its members of Congress to ensure that the final budget agreement protects and where possible enhances access to specialized pediatric care.

State Budget for 2014

On May 14, Governor Brown released his final budget proposal for the new state fiscal year beginning July 1, 2013. Budget deliberations have now begun in earnest, as the legislature and Governor work to get a budget agreement passed and signed into law by the end of June.

One item of interest included in the Governor's May budget is a proposal to transition, over time, full responsibility for the California Children's Services program to the state, and presumably to fold it into the state's existing Medi-Cal managed care system. While no further details were offered, including a specific timeline, Children's Hospital will remain fully engaged to make sure our interests and our patients' interests are represented as this issue unfolds.

The budget proposal also includes provisions supporting California's full participation in federal health care reform, including implementation of the Health Benefits Exchange, also known as Covered California, this October, and expansion of Medi-Cal eligibility from 100% to 138% of the federal poverty level beginning January 2014. The expansion benefits primarily currently uninsured adults as most low income children are already eligible for Medi-Cal.

Primary Care Physician Rate Increase

On October 31, 2012, the Centers for Medicare & Medicaid Services (CMS) issued a final rule implementing the federal Affordable Care Act requirement that states reimburse certain Medicaid providers at rates at least equal to Medicare rates for calendar years 2013 and 2014.

To qualify for the increased payment, primary care services must be provided by a physician specializing in family medicine, general internal medicine, or pediatric medicine. Board certified subspecialists who provide primary care also qualify for the increased payment. Certain practitioners working under supervision of a qualifying physician may also qualify for the higher reimbursement. To receive the enhanced payment, eligible physicians will need to complete an attestation form verifying their eligibility to receive the enhanced payments and they must submit the attestation to the state.

Legislation Re: Medi-Cal 10% Cut

Assembly Bill 900 / Senate Bill 640 would restore the 10 % Medi-Cal provider rate reductions contained in the 2011 – 2012 state budget. Last week, the U.S. Ninth Circuit Court of Appeals denied a motion filed by the California Medical Association and California Hospital Association to stay implementation. Services provided to individuals under 21 years of age are exempt from the cuts, with the exception of hearing aids and pharmacy.

Covered California

The federal Affordable Care Act requires states to develop Health Benefits Exchanges designed to help uninsured individuals obtain health insurance. Any legal resident who does not have access to affordable health insurance through their employer or another government program, like Medi-Cal, is eligible to purchase insurance through the Exchange. Enrollment will begin this October with coverage effective January 1, 2014.

Today, Covered California (<http://coveredca.com>) announced that it has selected the following health plans to offer coverage through the Exchange.

- Alameda Alliance for Health
- Anthem Blue Cross of California (Fresno, Kings, Madera Counties)
- Blue Shield of California (Fresno, Kings, Madera Counties)
- Chinese Community Health Plan
- Contra Costa Health Plan
- Health Net
- Kaiser Permanente (Fresno, Kings, Madera Counties)
- L.A. Care Health Plan
- Molina Healthcare
- Sharp Health Plan
- Valley Health Plan
- Ventura County Health Care Plan
- Western Health Advantage

Medi-Cal Checkwrite Delay

On June 3, the state Department of Health Care Services announced three separate Medi-Cal check write delays, two of which may impact primary care providers. See the announcement on the following page for more information.

For updates on these and other important policy issues, visit <http://childnetma.org/advocacy>.



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Fiscal Year 2012 – 2013 Checkwrite Hold for Specific Provider Payments

June 3, 2013

Specific checkwrites scheduled for fiscal year (FY) 2012 – 2013 will be delayed until the start of FY 2013 – 2014 as outlined below.

Three Week Checkwrite Hold for Free-Standing Nursing Facility Level B and Free-Standing (Adult) Subacute Nursing Facility Level B Provider Payments: June 13, June 20, and June 27, 2013

All Free-Standing Nursing Facility Level B and Free-Standing (Adult) Subacute Nursing Facility Level B provider payments scheduled for warrant dates June 13, June 20, and June 27, 2013, will be held until warrant date July 5, 2013, assuming a July 1, 2013, enactment of the 2013 – 2014 Budget Act.

Two Week Checkwrite Hold for Fee-for-Service Provider Payments: June 20, 2013

Payments to providers who render services through Medi-Cal funded programs that are scheduled for the June 20, 2013, checkwrite will be deferred to July 5, 2013, assuming a July 1, 2013, enactment of the 2013 – 2014 Budget Act. The checkwrites and payments to the following programs must be held during this time period:

Medi-Cal (which includes Family PACT [Planning, Access, Care and Treatment])

Child Health and Disability Prevention (CHDP), Medi-Cal funded

Abortion

One Week Checkwrite Hold for Fee-for-Service Provider Payments (Including State Only Programs): June 27, 2013

Payments to providers who render services through Medi-Cal and State funded programs that are scheduled for the June 27, 2013, checkwrite will be deferred to July 5, 2013, assuming a July 1, 2013, enactment of the 2013 – 2014 Budget Act. The checkwrites and payments to the following programs must be held during this time period:

Medi-Cal (which includes Family PACT [Planning, Access, Care and Treatment])

Child Health and Disability Prevention (CHDP), both State funded (Aid Code 8Y) and Medi-Cal funded

Abortion

Healthy Families

California Children's Services (CCS-State only, CCS-Healthy Families, CCS-Medi-Cal)

Genetically Handicapped Persons Program (GHPP-State only, GHPP-Medi-Cal)

Payments to the Every Woman Counts program shall be excluded from all June checkwrite holds.

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