



SB 610(Pan) Timely Payment

Summary

Clarity of rates and assurance of timely payment affords health centers the certainty they need to provide access and quality health care to Medi-Cal beneficiaries. This bill will put timelines on how long the Department of Health Care Services (DHCS) has to finalize a new health center rate and complete annual reconciliations with a health center.

Background

The lack of timelines in state law has resulted in DHCS taking years to finalize rates and settle outstanding debts. Health centers are forced to carry enormous amounts receivable, ultimately impacting their bottom line and ability to effectively deliver services to Medi-Cal beneficiaries. Health centers have been forced to take out lines of credit in order to keep their doors open because the state is not timely in payment.

Nonprofit health centers operate on tight margins, usually 2%, and struggle to deliver all the services their patient populations require. One tool to ameliorate these challenges is providing an assurance of rates and payment for services rendered. Health centers need to know as soon as possible after opening a new access point what their rate for services will be. Currently it takes approximately five years to finalize a new rate, three of those years for DHCS to audit. New rates should take no longer than six months for DHCS to finalize. The shorter time frame will afford health centers the assurance they need to deliver services and the State the time to effectively audit the costs.

Annual reconciliation today takes approximately three years to finalize with DHCS. Reconciliation occurs because health centers receive various streams of payment and it is the state's federal mandate to ensure health centers receive their full rate for all eligible Medi-Cal visits. The absence of a time frame for the state to complete the reconciliation has resulted in the state developing a process and time frame of three years. However, on the occasion that the health center owes money back to the state the state immediately reclaims it. Unfortunately, when the state owes the health center the state usually takes the full three years to complete reconciliations and as a result most health centers are owed money by the state for services delivered years past in amounts over \$1 million, and none of these payments come with interest accumulated.

What the Bill Does

As nonprofit, mission driven organizations, health centers use revenues to deliver care and enabling services to their patients. The withheld sums of payment due to health centers results in a constriction of services and inability to hire needed providers. Were health centers to be provided with certainty- clarity on their new rates and assurance of timely payment, they would reinvest those resources in greater patient services.

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