CAHAM
54TH ANNUAL CONFERENCE AND EXHIBITION

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Statutes and Caselaw

- Differences
- Similarities
- Impact
- Evolution

No Surprises Act

Current status: predictably on hold-Why?

- IDR is completely unworkable
- Grasp was beyond the reach
- Tradition of Reasonable and Customary Analysis in California

Reasonable and Customary Pricing

Reasonable and Customary-”R&C”

- Fair market value
- Gould Factors
- Evidence
  - Paid claims data
  - Dept. of Health care Access and Information (HCAI), formerly .
  - OSHPD

Reasonable and Customary

Methodology:

- Total Billed Charges (TBC) less Amount paid
- % of TBC recovered as shown by HCAI data- Amount Paid

Covid Test Reimbursement Status

- Health & Safety Code Section 1342.2 (d)
- California Association of Health Plans
- DMHC/AG
- May 15, 2023 Denied Writ of Mandamus
- Retroactive application
- No delegation of responsibility

Case Law

- Quantum Meruit returns to haunt governmental payers
- Commercial Plans enter Medi Cal Arena
- Medi Cal Timely Payments

Quantum Meruit returns to haunt governmental payers

- Previous caselaw prohibited suing governmental payers in Quantum Meruit.
- New caselaw allows it.
- What is it?
- Why is it important?

Medi Cal Managed Care

Intended Awardees	Counties
Molina Healthcare	Los Angeles, **Riverside, San Bernardino, Sacramento, San Diego**
Anthem Blue Cross Partnership Plan	**Alpine, Amador, Calaveras, El Dorado, Fresno, Inyo,** Kern, **Kings, Madera, Mono, Santa Clara, San Francisco, Sacramento, Tuolumne**
Health Net	**Amador, Calaveras, Inyo, Mono, San Diego, San Joaquin, Stanislaus, Tulare, Tuolumne**

***Bolded text indicates incumbent**

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Medi-Cal Oversight

- On July 26, the Department of Health Care Services (DHCS) released an **All-Plan Letter** reminding Medi-Cal managed care plans of their responsibility to pay providers on a timely basis.
- This letter, which follows March guidance from the Department of Managed Health Care that was prompted by **CHA advocacy**, demonstrates continued engagement and concern from state regulators that plans are not meeting their basic responsibility of promptly paying for the care their members receive.
- The DHCS guidance clarifies the various obligations of Medi-Cal plans under state and federal law, which include:
- That plans and their subcontractors pay any uncontested claim within 30 working days of claim submission
- A provider is entitled to interest when an uncontested claim is not paid within 30 working days

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Medi-Cal Oversight cont.

- That plans have sufficient dispute resolution processes in place for contracted and non-contracted providers, including with respect to timely claims processing
- DHCS encourages Medi-Cal plans to go beyond their minimum legal obligations for timely payments, to the extent feasible, in order to support access to care and provider sustainability.
- CHA remains focused on improving the timeliness of payments.

Medi-Cal Oversight cont.

- On July 10, the California Supreme Court issued a unanimous opinion, which found that a county health plan is not protected from liability by the Government Claims Act in a lawsuit brought by hospitals seeking reimbursement for emergency medical care provided to patients covered by the county's health plan. By doing so, the court agreed with the position advocated by CHA in two separate amicus (friend of the court) briefs filed in connection with the Supreme Court's consideration of this case.
- The case arose from a lawsuit by two hospitals that had provided emergency medical services to members of Santa Clara County's health plan. When the plan reimbursed the hospitals less than 20% of their claims, the hospitals sued the county for the reasonable value of the emergency medical services they had provided on the theory that the county had breached an implied contract to reimburse the hospitals at a reasonable and customary rate under the Knox-Keene Act's reimbursement provision (Health & Saf. Code, § 1371.4(b); 28 C.C.R. § 13007.71(a)(3)(B)).
- The county challenged the lawsuit on the ground, among others, that it was immune from liability under the Government Claims Act (Gov. Code §810 *et seq.*). While the trial court had rejected the plan's arguments, the Court of Appeal, in a published decision, had reversed the trial court's decision, holding that because the hospitals' action was tortious rather contractual in nature, the county plan was immune from liability under the Government Claims Act. The hospitals successfully petitioned the Supreme Court to review the appellate court's decision, with CHA filing a letter brief in support of the petition.

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Medi-Cal Oversight cont.

- In its opinion, consistent with the arguments advanced by CHA in its amicus brief on the merits of the case (which was submitted jointly with California Medical Association), the Supreme Court concluded that allowing the hospitals to proceed with their claim "violates neither the letter nor the spirit of the Government Claims Act." To the contrary, the Supreme Court determined that allowing the hospitals' lawsuit to proceed "further[s] a fundamental purpose of the Knox-Keene Act, protecting the continued financial viability of California's health care delivery system, by ensuring that all emergency medical providers have an adequate remedy if there are disputes over payment, either by alleging breach of contract (if there is a contract between the provider and health care plan), or by raising a quantum meruit claim based on the Knox-Keene Act's reimbursement obligation (if there is no contract in place)." The Supreme Court reversed the lower court's judgment and sent the matter back to the trial court for further proceedings.
- This decision ensures that a hospital that has no contract with a county health plan has a legal remedy if the plan fails to pay the "reasonably and customary value" for the emergency care provided to a plan participant.

THANK YOU!

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