

Assembly Bill 1226 – Provisions Affect All Providers

Effective for dates of service on or after January 1, 2008, Assembly Bill (AB) 1226 has two provisions, that affect all providers, and that amend the laws the Department of Health Care Services (DHCS) uses to review provider applications for participation in the Medi-Cal program. These provisions are defined as follows:

- A provider whose application for enrollment is denied for failure to disclose fraud or abuse, or failure to remediate deficiencies after DHCS has conducted additional inspections, may not reapply for a period of three years from the date the application is denied. Three-year debarment from the Medi-Cal program would begin on the date of the denial notice.
- Applicants are allowed 60 days to resubmit their corrected application packages when DHCS returns it deficient. Any deficient application returned with a DHCS deficiency letter, postmarked on or after November 26, 2007, will be allowed 60 days for remediation, although the letter may state 35 days. By January 1, 2008, all outgoing deficiency letters will reflect the 60-day remediation timeframe.

Effective for dates of service on or after July 1, 2008, AB 1226 also has six provisions, which apply only to physicians and osteopaths. These provisions are defined as follows:

- DHCS must review applications from physicians and osteopaths, including groups, within 90 days.
- DHCS must enroll physicians and osteopaths, who qualify as preferred providers, within 60 days.
- In addition to other criteria, a physician or osteopath applicant who is credentialed by a county organized health system may be considered as a preferred provider.
- Individual physicians and osteopaths, who are in good standing with the Medi-Cal program and are changing locations within the same county, may submit a “change of location form.” DHCS must review the change of location form within 90 days.
- Physicians or osteopaths, whose practice is based at a general acute care hospital, rural general acute care hospital, or acute psychiatric hospital, may submit a “short form application” to be processed by DHCS within 90 days.
- DHCS must notify physician and osteopath applicants within 15 days that their application was received.

Short Form Application and Change of Location Forms

DHCS shall develop and implement these forms and regulations governing their use in time for July 1, 2008 implementation.

Summary of New or Amended Welfare and Institutions Code Sections

Due to the addition of Section 14043.26(b), subsequent subdivision designations in the rest of Section 14043.26 will no longer match the pre-AB 1226 statute. This summary does not list all subdivision designation changes.

Section 14043.1 adds the definition of an “individual physician practice.” Such a practice consists of a single physician or osteopath and the non-physician medical practitioners employed by her or him. To qualify as an “individual physician practice,” the applicant must be a sole proprietor or a corporation owned solely by the physician or osteopath.

Section 14043.26(a) is amended to allow qualifying physicians and osteopaths to initially enroll as Medi-Cal providers using the “short form application,” or to notify DHCS of a change in business location using the “change of location form” in lieu of a full application package.

Section 14043.26(b) is amended to specify the requirements for the “change of location form,” including adherence to minimum federal requirements related to Medicaid provider enrollment and the form’s use by “individual physician practices.”

Section 14043.26(c)(1) and (2) are amended to require DHCS to notify physicians and osteopaths that their application package was received within 15 days of receipt.

Section 14043.26(d)(2)(B) is amended to include being credentialed by a county organized health system as one of the criteria to qualify as a preferred provider.

Section 14043.26(e) is amended to specify the requirements for the “short form application,” including adherence to minimum federal requirements related to Medicaid provider enrollment. This section requires DHCS, within 90 days, to enroll the applicant at the new location or notify the applicant that he or she does not meet the requirements to submit the form.

Section 14043.26(g) is added to require DHCS to review application packages submitted by physicians and osteopaths within 90 days. By day 91, DHCS must notice the applicant that it is taking one of the following actions specified in subdivision (f), including:

- Enrolling the applicant beginning with provisional provider status for 12 months;
- Returning the application package as incomplete with a list of deficiencies that must be corrected and the application returned within 60 days;
- Exercising its authority to conduct background checks, pre-enrollment inspections or unannounced visits, or;
- Denying the application package for specified reasons.

Section 14043.26(h) is amended to allow applicants, who have had their incomplete applications returned by DHCS, to resubmit their corrected applications within 60 days.

Section 14043.26(n) is added to specify that the expedited timeframes for physician and osteopath application review, the change of location form, and the short form application are to be operative July 1, 2008.

Section 14043.65(b) is amended to state that when an applicant is debarred from reapplying for enrollment after being denied for failure to disclose fraud or abuse, or failure to remediate deficiencies after DHCS has conducted additional inspections, the debarment shall commence upon the date of the denial notice.

Governor Arnold Schwarzenegger signed AB 1226 on October 14, 2007. The full text of AB 1226 can be viewed online at: www.leginfo.ca.gov/pub/07-08/bill/asm/ab_1201-1250/ab_1226_bill_20071014_chaptered.html