

AMENDED IN SENATE APRIL 13, 2009

**SENATE BILL****No. 724****Introduced by Senator Cogdill**

February 27, 2009

An act to ~~amend Section 5023.5 of, and to add Section 5023.6 to;~~ the Penal Code, relating to correctional ~~law~~ *hospital services*, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

SB 724, as amended, Cogdill. Prisoners: ~~emergency health care~~ *hospital services*.

Existing law authorizes the Department of Correction and Rehabilitation, including the Division of Juvenile Facilities, to contract with providers of emergency health care services. Existing law requires hospitals that do not contract with the department for emergency health care services to provide those services on the same basis as they are required to be provided pursuant to specified federal regulations. Existing law prohibits the department from reimbursing a hospital that provides these services without a contract at a rate that exceeds reasonable and allowable costs, as defined by specified federal regulations and publications.

~~This bill would instead prohibit the department from reimbursing a hospital that provides those services unless the department has contracted with the hospital at a rate equal to 150% of the hospital's average costs as calculated by using the cost-to-charge ratio developed from the most recent Hospital Annual Financial Disclosure report issued by the Office of Statewide Health Planning and Development.~~

~~Existing law requires the Department of Corrections and Rehabilitation, including the Division of Juvenile Facilities, to work~~

~~with the State Department of Health Care Services in obtaining hospital cost information in order to establish the costs allowable under those provisions.~~

~~This bill would instead require the department to work with the Office of Statewide Health Planning and Development in obtaining hospital cost information in order to establish the reimbursement required under those provisions.~~

The bill would also create the Hospital Interim Payment Fund, as a continuously appropriated fund in the State Treasury, for the purpose of making payments to hospitals, for services provided on or after July 1 of the fiscal year for which no budget has been enacted or before November 1 of that year for the purpose of making payments to hospitals, during the period in which the program has a deficiency. The bill would also appropriate from the General Fund, in the form of loans, for each fiscal year in which these payments are necessary, an amount equal to a cumulative total of 33% of the Department of Corrections and Rehabilitation's annual payments to all hospitals in any fiscal year.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. ~~Section 5023.5 of the Penal Code is amended to~~  
2     ~~read:~~  
3     ~~5023.5.—(a) Notwithstanding any other provision of law, the~~  
4     ~~Department of Corrections and Rehabilitation, including the~~  
5     ~~Division of Juvenile Facilities, may contract with providers of~~  
6     ~~emergency health care services. Hospitals that do not contract with~~  
7     ~~the Department of Corrections and Rehabilitation, including the~~  
8     ~~Division of Juvenile Facilities, for emergency health care services~~  
9     ~~shall provide these services to the department on the same basis~~  
10    ~~as they are required to provide these services pursuant to Section~~  
11    ~~489.24 of Title 42 of the Code of Federal Regulations. The~~  
12    ~~Department of Corrections and Rehabilitation, including the~~  
13    ~~Division of Juvenile Facilities, shall not reimburse a hospital that~~  
14    ~~provides these services, unless the department has contracted with~~  
15    ~~the hospital at a rate equal to 150 percent of the hospital's average~~  
16    ~~costs, as calculated by using the cost-to-charge ratio developed~~  
17    ~~from the most recent Hospital Annual Financial Disclosure report~~

1 issued by the Office of Statewide Health Planning and  
2 Development.

3 (b) ~~An entity that provides ambulance or any other emergency~~  
4 ~~or nonemergency response service to the Department of Corrections~~  
5 ~~and Rehabilitation, including the Division of Juvenile Facilities,~~  
6 ~~and that does not contract with the department for that service,~~  
7 ~~shall be reimbursed for the service at the rate established by~~  
8 ~~Medicare. The Department of Corrections and Rehabilitation,~~  
9 ~~including the Division of Juvenile Facilities, shall not reimburse~~  
10 ~~a provider of any of these services that the department has not~~  
11 ~~contracted with at a rate that exceeds the provider's reasonable~~  
12 ~~and allowable costs, regardless of whether the provider is located~~  
13 ~~within or outside of California.~~

14 (c) ~~The Department of Corrections and Rehabilitation, including~~  
15 ~~the Division of Juvenile Facilities, shall work with the Office of~~  
16 ~~Statewide Health Planning and Development in obtaining hospital~~  
17 ~~cost information in order to establish the reimbursement required~~  
18 ~~under this section. The Office of Statewide Health Planning and~~  
19 ~~Development may provide the Department of Corrections and~~  
20 ~~Rehabilitation, including the Division of Juvenile Facilities, with~~  
21 ~~hospital cost information that the Office of Statewide Health~~  
22 ~~Planning and Development obtains pursuant to Chapter 1 of Part~~  
23 ~~5 of Division 107 (commencing with Section 128675) of the Health~~  
24 ~~and Safety Code.~~

25 ~~SEC. 2.~~

26 *SECTION 1.* Section 5023.6 is added to the Penal Code, to  
27 read:

28 5023.6. Notwithstanding any other provision of law and without  
29 regard to fiscal year, if the annual Budget Act is not enacted by  
30 June 30 of any fiscal year preceding the fiscal year to which the  
31 budget would apply or there is a deficiency in the budget during  
32 any fiscal year, the Controller shall annually transfer from the  
33 General Fund, in the form of one or more loans, an amount equal  
34 to a cumulative total of 33 percent of the Department of Corrections  
35 and Rehabilitation's annual payments to all hospitals in the  
36 immediately preceding fiscal year, to the Hospital Interim Payment  
37 Fund, which is hereby created in the State Treasury.  
38 Notwithstanding Section 13340 of the Government Code, the  
39 Hospital Interim Payment Fund is hereby continuously appropriated  
40 for the purpose of making payments to hospitals, on or after July

1 1 of a fiscal year for which no budget has been enacted and before  
2 November 1 of that year for the purpose of making payments to  
3 hospitals during the period in which the program has a deficiency.  
4 Payments shall be made pursuant to this section if both of the  
5 following conditions have been met:  
6 (a) An invoice has been submitted for the services.  
7 (b) Payment for the services is due and payable and the  
8 Department of Corrections and Rehabilitation, including the  
9 Division of Juvenile Facilities, determines that payment would be  
10 valid.

O