

**Department of Health Care Services
Proposed Trailer Bill Legislation**

Alternate Health Care Service Plan

Section 14197.11 is added to the Welfare and Institutions Code to read:

14197.11. (a) Notwithstanding any other law, subject to subdivision (d), the department may enter into one or more comprehensive risk contracts with an Alternate Health Care Service Plan (AHCSP) to serve as a primary Medi-Cal managed care plan for eligible beneficiaries described in subdivision (b) in geographic regions designated by the department.

(b) The following beneficiary populations enrolling in Medi-Cal managed care shall be eligible to enroll, or chose to maintain their enrollment, in an AHCSP contracted with the department pursuant to subdivision (a):

- (1) A beneficiary who was previously enrolled in the AHCSP as their primary Medi-Cal managed care plan on or before December 31, 2023;
- (2) An existing member of the AHCSP who is transitioning into Medi-Cal managed care;
- (3) A beneficiary who was a member of the AHCSP at any time during the twelve months immediately preceding the effective date of the beneficiary's Medi-Cal eligibility;
- (4) A beneficiary with an AHCSP family member linkage;
- (5) A beneficiary who was previously enrolled in a primary Medi-Cal managed care plan other than the AHCSP on or before December 31, 2023, but who was assigned to and made the responsibility of the AHCSP under a subcontract with the aforementioned Medi-Cal managed care plan;
- (6) A dual eligible beneficiary residing in a geographic region approved by the Department for this specific purpose and for which the Department has contracted with the AHCSP pursuant to subdivision (a); or
- (7) A beneficiary eligible on the basis of their receipt of services through a state foster care program or eligible pursuant to Section 14005.28 residing in a geographic region approved by the Department for this specific purpose and for which the Department has contracted with the AHCSP pursuant to subdivision (a).

(c) Notwithstanding any other law, the department may contract with an AHCSP as a Medi-Cal managed care plan in any geographic region of the State for which federal approval is available. Except where an AHCSP is already contracted with the Department as a Medi-Cal managed care plan as of January 1, 2022, contracts entered into pursuant to subdivision (a) shall be effective no sooner than January 1, 2024. To the extent permissible under federal law, the department may enter into either a single comprehensive risk contract for all geographic areas where the AHCSP is approved to operate as a Medi-Cal managed care plan or multiple contracts to serve the different geographic areas.

(d) The department shall seek any federal approvals it deems necessary to implement this section. This section shall be implemented only to the extent that any necessary federal approvals are obtained and federal financial participation is available and is not otherwise jeopardized.

(e) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section, in whole or in part, by means of plan letters or other similar instructions, without taking any further regulatory action.

(f) Notwithstanding any other law, contracts entered into or amended pursuant to this section shall be exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, Section 19130 of the Government Code, Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and the State Administrative Manual, and shall be exempt from the review or approval of any division of the Department of General Services.

(g) For purposes of this section, the following definitions shall apply:

(1) "Alternate Health Care Service Plan" or "AHSCP" means a nonprofit health care service plan with at least four million enrollees statewide, that owns or operates pharmacies, and provides professional medical services to enrollees in specific geographic regions through an exclusive contract with a single medical group in each specific geographic region in which it is licensed.

(2) "AHCSP family linkage" means a situation where a beneficiary's parent, guardian, minor child or minor sibling is enrolled in or has been enrolled in the AHCSP at any time during the twelve months immediately preceding the effective date of the beneficiary's Medi-Cal eligibility.

(3) "Comprehensive risk contract" has the same meaning as set forth in Section 438.2 of Title 42 of the Code of Federal Regulations.

(4) "Dual eligible beneficiary" has the same meaning as set forth in paragraph (1) of subdivision (f) of Section 14184.200.

(5) "Medi-Cal managed care plan" has the same meaning as set forth in subdivision (j) of Section 14184.101.