

**Department of Health Care Services
Cost Containment Strategies TBL**

Add Welfare and Institutions Code section 14100.55 as follows:

- (a) The Legislature finds that Medi-Cal costs continue to rise primarily due to increased caseload and increased costs of services. The Legislature further finds that this rising General Fund impact cannot be sustained, especially in the current fiscal climate.
- (b) Based upon the findings in subdivision (a), the Department of Health Care Services shall design methods for containing costs in the Medi-Cal program similar to methods being adopted or utilized in other state Medicaid programs.
- (c) The cost-containment methods implemented pursuant to this section may include, but are not limited to, any or all of the following methods:
 - (1) utilization controls, including limits on particular services.
 - (2) increased cost-sharing through the establishment or increase of copayments to the extent allowed by federal law,
 - (3) increased cost-sharing through the establishment or increase of premiums to the extent allowed by federal law, and
 - (4) adjustment of provider rates.
- (d) In implementing the cost-containment methods required by this section, the department shall achieve General Fund savings of \$750 million dollars in 2010-11 and annually thereafter.
- (e) This section shall be implemented only if and to the extent that it complies with applicable federal law. To the extent that state plan amendments, waivers, or other administrative actions are necessary to obtain federal approval, the department shall seek approval for these methods as soon as possible.
- (f) No less than thirty days prior to implementing the cost-containment methods developed pursuant to this section, the department shall provide the Joint Legislative Budget Committee with a description of the methods that will be employed and an estimate of the associated General Fund savings.
- (g) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of title 2 of the Government Code, the department shall

implement this section, and any strategy employed pursuant to this section, by means of all-county letters, all-plan letters, provider bulletins or similar instructions. Thereafter, to the extent regulations would be required absent this subdivision, the department shall adopt such regulations.

- (h) Any adoption of regulations implementing this section shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, and safety or general welfare. The regulations shall become effective immediately upon filing with the Secretary of State.