

**Senate Bill 456**  
**Care Coordination**  
**Senator Richard Pan**

*Revised April 20, 2017*



**OVERVIEW**

Senate Bill 456 (Pan) will improve the health of California’s most vulnerable people by allowing Federally Qualified Health Centers (FQHC) to be reimbursed for services that promote care coordination and wellness in ways not covered by the Prospective Payment System.

These services are referred to in the bill as “services that follow the patient” and may include:

- Care coordination
- Comprehensive case management
- Health and wellness initiatives
- Comprehensive transitional care
- Individual and family support services
- Referral to community and social supports
- Participation in care management pilots and demonstrations, such as the Whole Person Care Pilots or Section 2703 Health Homes.

Without this bill, future FQHC continuity and wellness program participation could be dis-incentivized, as payments could be at risk of being taken by the state through annual reconciliation.

**THE PROBLEM**

FQHC services are paid as a bundled all-inclusive PPS rate that is designed to reflect all of the services that an FQHC furnishes. The FQHC PPS rate does not reimburse FQHCs for the non-face-to-face activities required to provide comprehensive, coordinated care management for high-needs beneficiaries with complex conditions.

Without this bill, FQHCs and Rural Health Centers (RHC) will be dis-incentivized and potentially prohibited from participating in innovative delivery models that are designed to improve health by addressing care coordination, and wellness, among others.

During the development of Section 2703 Health Homes, DHCS, recognizing this issue, included in the State Plan Amendment (SPA) that health centers can and should be able to keep the health home payments made under the pilot. This bill would codify the language in the SPA

which allows FQHCs to participate in Health Homes, and broadens the language to allow FQHCs to participate in the Medi-Cal 2020 1115 Waiver Whole Person Care pilots, the Medicare Chronic Care Management program, or county, hospital, and Managed Care Organization (MCO)-based care coordination programs.

Federally, CMS recognizes that there is a care coordination payment gap in the FQHC PPS payment system, and provides FQHCs additional payment for chronic care management services and patient centered medical home services provided to Medicare beneficiaries. At this time, FQHCs are unable to be similarly reimbursed for Medi-Cal beneficiaries.

**THE SOLUTION**

AB 456 will authorize a FQHC or RHC contracting with a managed care entity to enter into a separate, additional agreement for “services that follow the patient.” The bill would define “services that follow the patient” as services that promote care coordination and contribute to overall patient wellness, as specified.

The bill would specify that compensation paid to a FQHC or RHC pursuant to the agreement would be supplemental to, and separate from, the FQHC’s or RHC’s prospective payment rate, and not subject to reconciliation or reduction, as specified. In this way, AB 456 will align Medi-Cal FQHC care coordination payment policy with existing Medicare FQHC policy and the 2703 Health Homes SPA.

**SPONSOR**

CaliforniaHealth+ Advocates

**FOR MORE INFORMATION**

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**TALKING POINTS**

- FQHC services are paid as a bundled all-inclusive PPS rate that is designed to reflect all of the services that an FQHC furnishes. The FQHC PPS rate does not reimburse FQHCs for the non-face-to-face activities required to provide comprehensive, coordinated care management for high-needs beneficiaries with complex conditions.
- These services are referred to in the bill as “services that follow the patient” and may include:
  - Care coordination
  - Comprehensive case management
  - Health and wellness initiatives
  - Comprehensive transitional care
  - Individual and family support services
  - Referral to community and social supports
  - Participation in care management pilots and demonstrations, such as the Whole Person Care Pilots or Section 2703 Health Homes, both of which are exciting projections that health centers and the state are excited to advance.
- Senate Bill 456 (Pan) will allow Federally Qualified Health Centers (FQHC) or Rural Health Centers (RHC) to enter into an agreement with managed care entities, counties, or other interested parties to be directly reimbursed for ‘services that follow the patient,’ which promotes care coordination and wellness in ways not covered by the Prospective Payment System (PPS).
- Without this bill, future FQHC care coordination and wellness program participation could be dis-incentivized from such agreements, as payments could be at risk of being taken by the state, through annual reconciliation.
- Federally, CMS recognizes that there is a care coordination payment gap in the FQHC PPS payment system, and provides FQHCs additional payment for chronic care management services and patient centered medical home services provided to Medicare beneficiaries. At this time, FQHCs are unable to be similarly reimbursed for Medi-Cal beneficiaries.
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