



ASSEMBLYWOMAN

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DISTRICT 52



## Assembly Bill (AB) 1549: Prospective Payment Reform

### SUMMARY

AB 1549 would update the Prospective Payment System (PPS) for Community Based Health Centers (CHCs) to reflect their investment in patient outcomes and whole-person care initiatives. Thereby requiring PPS rates to account for expanded services and care coordination costs.

### BACKGROUND AND PROBLEM

California's CHCs provide high quality, comprehensive care to more than 7.8 million Californians annually, regardless of their ability to pay or immigration status. Federally Qualified Health Centers (FQHCs), most licensed CHCs in California, are reimbursed through the Prospective Payment System.

Currently, the PPS rate is based on the range of services the CHC offers. Expanding that range of services triggers a review from the Department of Health Care Services (DHCS) that could allow the CHC to adjust its PPS rate. However, current law only allows a CHC to request that review under specific circumstances. It does not account for other actions CHCs can take to invest in patient outcomes and improve community health. For example, adding expanded care team members and the whole-person care approach of the California Advancing and Innovating Medi-Cal (CalAIM) initiative.

Transitioning to a value-based care system enables CHCs to focus on delivering

high-quality care and prioritizing patients' needs over volume-based care. However, the existing law does not permit CHCs to comprehensively include these care transformation initiatives in their "allowable costs," which results in a lack of reflection in their PPS rate.

### SOLUTION

This bill would, among other things, require the per-visit rate to account for the costs of the FQHC or RHC that are reasonable and related to the provision of covered services, including the specific methods and processes used by the FQHC and RHC to deliver those services. The bill would also require the rate for any newly qualified health center to include the cost of care coordination services provided by the health center, as specified.

### SUPPORT

California Health+ Advocates (Sponsor)

### BILL STATUS

Amended 03/23/23 – Assembly Health

### STAFF CONTACT

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