



April 8, 2025

The Honorable Caroline Menjivar
Chair, Senate Health Committee
1021 O Street, Room 1200
Sacramento, CA 95814

SUBJECT: AB 220 (Jackson) — Medi-Cal: Subacute Care Services — SUPPORT

Dear Senator Menjivar:

Every day, hospitals throughout California care for the state's most vulnerable populations, who often have no place else to turn for help. Nowhere is this role more prominent than in the Medi-Cal program and its prevailing managed care delivery system, where approximately 99% of the nearly 15 million Medi-Cal beneficiaries will be enrolled in 2025. Particularly for covered benefits, like subacute services, which have been recently transitioned to the responsibility of all Medi-Cal managed care plans, beneficiaries and providers alike continue to face unwarranted authorization and documentation burdens, which in turn needlessly impede timely access to care.

For this reason, the California Hospital Association (CHA), on behalf of more than 400 hospital and health system members, supports Assembly Bill (AB) 220 (Jackson, D-Moreno Valley), which would standardize the documentation and criteria used to authorize adult and pediatric subacute care services in Medi-Cal managed care. The bill would also prohibit plans from imposing any medical necessity criteria for these services beyond what the Department of Health Care Services (DHCS) requires in the fee-for-service delivery system.

In light of the medically fragile nature of patients requiring a subacute level of care, DHCS has administered the Subacute Care Program since 1983, which sets and enforces minimum standards on the provision of subacute services to Medi-Cal beneficiaries via a discrete contract with qualifying facilities and the DHCS Subacute Contracting Unit. Effective January 1, 2024, as a component of the California Advancing and Innovating Medi-Cal (CalAIM) initiative, all Medi-Cal managed care plans became responsible for covering adult and pediatric subacute care services, alongside the mandatory enrollment of patients requiring a subacute level of care into those contracted plans. Previously, the payer responsibility for subacute care varied by county and the managed care model employed therein. According to DHCS, this transition aimed to standardize coverage of subacute care statewide, advance a more consistent and streamlined system that reduces complexity, and increase access to coordinated and comprehensive care. Importantly, however, the transition to managed care delivery does not reduce or otherwise alter the amount, duration, and scope of subacute coverage nor does it displace the standards used for authorizing this care that DHCS has employed for years.

In its implementing guidance, DHCS clarified that plans must determine medical necessity for subacute services consistent with its policy governing fee-for-service delivery and encouraged plans to use existing departmental forms for subacute authorization reflective of this settled criteria. Despite this, not all subacute providers and beneficiaries are realizing this promise of seamless transition, with instances of certain plans continuing to request additional information and documentation beyond what is required by DHCS. Such practices unnecessarily frustrate access to timely care and achievement of the laudable CalAIM goals, which is particularly concerning when considering the relatively high vulnerability of the Medi-Cal population at issue. AB 220, if enacted, should reverse this trend by prohibiting Medi-Cal managed care plans from developing or imposing their own criteria for authorizing subacute care that is inconsistent with or exceeds what DHCS requires in its existing forms and by providing a specific enforcement mechanism to ensure ongoing compliance, including the imposition of sanctions.

For these reasons, CHA supports AB 220.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Farouk', with a long horizontal flourish extending to the right.

Mark Farouk
Vice President, State Advocacy

cc: The Honorable Corey Jackson
Honorable Members of the Senate Health Committee
Jen Flory, Principal Consultant, Senate Health Committee
Tim Conaghan and Joe Parra, Senate Republican Caucus