



April 3, 2025

The Honorable Mia Bonta
Chair, Assembly Health Committee
1020 N Street, Room 390
Sacramento, CA 95814

SUBJECT: AB 974 (Patterson) – SUPPORT

Dear Assemblymember Bonta:

Under the California Advancing and Innovating Medi-Cal (CalAIM) initiative, approximately 99% of beneficiaries will receive benefits through mandatory enrollment in a Medi-Cal managed care plan. Starting in 2022, this included beneficiaries with other health coverage (OHC), such as private health insurance or military benefit health care plans, who previously accessed their Medi-Cal benefits through the traditional fee-for-service (FFS) delivery system. Medi-Cal is generally the “payer of last resort” in these instances, meaning a beneficiary with OHC must first exhaust benefits through that third-party source before a provider may bill the managed care plan for covered services rendered. Once that takes place, the provider is entitled to bill the plan for allowable costs not reimbursed by the beneficiary’s primary source of coverage to the same degree they previously billed the Department of Health Care Services (DHCS).

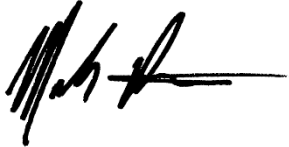
Despite guidance from DHCS clarifying that providers are not required to hold a network contract to be reimbursed in this scenario, providers continue to face denials and/or unnecessary administrative barriers in securing the renumeration they are owed from Medi-Cal plans.

That’s why the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, supports Assembly Bill (AB) 974, which would prohibit plans from requiring in-network status for providers billing allowable costs for services rendered to enrollees with OHC. It would also require DHCS to ensure these providers do not face administrative requirements in excess of what DHCS imposes for OHC billing in the Medi-Cal FFS system.

For patients and providers alike, navigating the complexities of Medi-Cal managed care can already be difficult, and is even more so when benefits must be coordinated across multiple responsible payers. Given the potential for such complexities to disrupt timely access to care, it is critical that the claims processing now being performed by plans for OHC providers is as seamless as possible.

For these reasons, **CHA requests your “YES” vote on AB 974.**

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 Joe Patterson
The Honorable Members of the Assembly Health Committee
Lisa Murawski, Consultant, Assembly Health Committee
Justin Boman, Consultant, Assembly Republican Caucus