



**JOINT OVERSIGHT HEARING**  
**ASSEMBLY AND SENATE HEALTH COMMITTEES**  
**MONNING, HERNANDEZ, CHAIRS**  
Friday, February 24, 2012 • 10 a.m. to 1 p.m.

Broad CIRM Center Seminar Room  
Eli and Edythe Broad CIRM Center for Regenerative Medicine and Stem Cell Research  
Keck School of Medicine of USC • University of Southern California  
1425 San Pablo Street • Los Angeles, CA 90089

Summary of Hearing

The Senate Health Committee (Chairman Ed Hernandez) and Assembly Health Committee (Chairman Bill Monning) will hold a joint informational hearing on Friday, February 24, 2012, from 10:00 a.m. to 1:00 p.m. in Los Angeles at the Eli and Edythe Broad CIRM Center for Regenerative Medicine and Stem Cell Research at USC entitled "Hospital Reimbursement Mechanisms."

The purpose of the hearing is to discuss how reimbursements for contract and non-contract private hospitals differ, areas of dispute between hospitals and health plans over hospital reimbursement rates and practices, how these practices impact patients, and to provide a status update on the implementation of paying hospitals through a diagnosis-related group (DRG) methodology in Medi-Cal.

The hearing will begin with an overview of how hospitals are reimbursed by third-party payors (insurers and health plans) and the two major government health care programs (Medicare and Medi-Cal), how payment methods differ depending upon whether the hospital is a contract versus a non-contract hospital, and the policy and fiscal issues for the state to consider when the Department of Health Care Services (DHCS) shifts to a diagnosis-related group (DRG) reimbursement methodology.

Toby Douglas, Director of DHCS, will provide an overview of the requirement that DHCS shift to DRGs, the status of implementation, and how DHCS intends to monitor utilization and expenditures following implementation of the DRG payment methodology.

Following the DHCS presentation, the hearing will focus on how health plans reimburse contract and non-contract hospitals, discuss varying third-party payor reimbursement methodologies, including areas of dispute between payors and hospitals and how those practices affect health care costs and quality. This will include testimony from stakeholders on hospital business practices and how those practices impact consumers, health plans and hospitals.

For more information, please contact Tim Valderrama of Senator Hernandez's office at 916-651-4024 ([Tim.Valderrama@sen.ca.gov](mailto:Tim.Valderrama@sen.ca.gov)) or Vince Marchand ([Vince.Marchand@sen.ca.gov](mailto:Vince.Marchand@sen.ca.gov)) of the Senate Health Committee at 916-651-4111 or Marjorie Swartz ([Marjorie.Swartz@am.ca.gov](mailto:Marjorie.Swartz@am.ca.gov)) and Teri Boughton ([Teri.Boughton@asm.ca.gov](mailto:Teri.Boughton@asm.ca.gov)) of the Assembly Health Committee at 916-319-2097.