



August 19, 2009

Dear Medical Provider:

**CANCELLATION NOTIFICATION OF RATE AGREEMENT DUE TO AMENDED PENAL CODE SECTION 5023.5**

This letter is to notify you that the California Prison Health Care Services (CPHCS) is cancelling the CPHCS/California Department of Corrections and Rehabilitation (CDCR) rate agreement for medical services, effective September 1, 2009. This cancellation notice applies to all rate agreements, including letters of agreement negotiated by the Chancellor Consulting Group which have not resulted in a fully-executed CDCR contract. Effective for dates of service on or after September 1, 2009, providers without a fully-executed CDCR Contract will be reimbursed at 100% of the Medicare rate.

Under the new law, the maximum rates CDCR can pay for services provided under new contracts are as follows:

Hospital Contracts	130% of Medicare Fee Schedule
Physician Contracts	110% of Medicare Fee Schedule
Ambulance Contracts	120% of Medicare Fee Schedule

You may review the legislation in either PDF or HTML format using the following links:

[http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb\\_0001-0050/sbx4\\_13\\_bill\\_20090728\\_chaptered.pdf](http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0001-0050/sbx4_13_bill_20090728_chaptered.pdf)  
[http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb\\_0001-0050/sbx4\\_13\\_bill\\_20090728\\_chaptered.html](http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0001-0050/sbx4_13_bill_20090728_chaptered.html)

This change to the law will help the State contain and reduce the cost of medical care provided to California's patient-inmate population, while continuing to provide appropriate medical care. CPHCS will be able to ensure that the cost of this medical care is comparable to the cost of care provided to the general public under the Medicare reimbursement system.

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You may obtain further information on the legislation at the CPHCS internet site at [www.cphcs.ca.gov](http://www.cphcs.ca.gov). You are encouraged to visit the site regularly in order to receive the most up-to-date information available. Additionally, CPHCS will be working with the medical associations to ensure implementation is a collaborative effort for both the medical community and the State.

If you have any questions regarding this notification, you may contact the CPHCS Medical Contracts Help Desk at [CPHCSHealthcareContractsHelpDesk@cdcr.ca.gov](mailto:CPHCSHealthcareContractsHelpDesk@cdcr.ca.gov). To ensure your inquiry is identifiable as related to this legislation, please enter the bill number (SBX4 13) or the code section (Penal Code Section 5023.5) in the subject line.

If you are interested in directly contracting with CDCR at rates within statutory limits, please e-mail your legal business name and contact information to the CPHCS Medical Contracts Help Desk above, and request to be contacted by a Contract Analyst.

Sincerely,

Michelle Ogata, Deputy Director  
Healthcare Invoice, Data and Provider Services Branch  
California Prison Health Care Services

cc: J. Clark Kelso, Receiver, California Prison Health Care Services  
Elaine Bush, Chief Deputy Receiver, California Prison Health Care Services  
Matthew Cate, Secretary, California Department of Corrections and Rehabilitation  
Sharon Aungst, Chief Deputy Secretary, California Department of Corrections and Rehabilitation  
Mitzi Higashidani, Director, Administrative Support Services, California Prison Health Care Services  
Marnell Voss, Deputy Director, Medical Contracts, California Prison Health Care Services  
Karen Creighton, Health Program Manager, III, California Prison Health Care Services