

Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 339 (Cabaldon)
Version: April 9, 2025
Hearing Date: April 29, 2025
Fiscal: Yes
Urgency: No
AM

SUBJECT

Medi-Cal: laboratory rates

DIGEST

This bill increases Medi-Cal reimbursement rates for clinical laboratory or laboratory services related to the diagnosis and treatment of sexually transmitted infections (STIs) for services on or after July 1, 2027, or upon appropriation for this purpose, whichever occurs first, as specified. The bill provides that reimbursement rates for all other clinical laboratory or laboratory services are to equal, instead of not exceed, the lowest of existing reimbursement criteria. The bill requires the Department of Health Care Services (DHCS) to make available to the public a dataset of the deidentified raw data reported under existing law by laboratory service providers, as specified.

EXECUTIVE SUMMARY

This bill seeks to increase Medi-Cal reimbursement rates for clinical laboratory or laboratory services related to the diagnosis and treatment of sexually transmitted infections (STIs). The bill also provides public transparency into how DHCS calculates reimbursement rates for clinical laboratory or laboratory services. The author, sponsor, and supporters of the bill state that in the past 5 years, California has been experiencing unprecedented, epidemic levels of STIs. They argue it is imperative that Medi-Cal reimbursement rates increase so providers can continue to offer vital STI testing. The bill is sponsored by Planned Parenthood Affiliates of California. The bill is supported by various organizations representing healthcare practitioners and healthcare clinics, and advocates for the LGBTQ community. No timely opposition was received by the Committee. The bill passed the Senate Health Committee on a vote of 11 to 0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the Medi-Cal program, administered by the Department of Health Care Services (DHCS), under which health care services are provided to qualified low-income persons. (Welf. & Inst. Code §§ 14000 et seq.)
- 2) Establishes a schedule of benefits under the Medi-Cal program, which includes outpatient laboratory services. (Welf. & Inst. Code § 14132.)
- 3) Requires reimbursement for clinical laboratory or laboratory services not to exceed the lowest of the following:
 - a) the amount billed;
 - b) the charge to the general public;
 - c) 100 percent of the lowest maximum allowance established by the federal Medicare Program (Medicare) for the same or similar services for dates of service on or after July 1, 2022; or
 - d) a reimbursement rate based on an average of the lowest amount that other payers and other state Medicaid programs are paying for similar clinical laboratory or laboratory services. (Welf. & Inst. Code § 14105.22(a)(3).)
- 4) Requires laboratory service providers, for purposes of establishing a reimbursement rate in 3)d), above, to submit data reports every three years. (Welf. & Inst. Code § 14105.22(a)(5).)
 - a) Requires these developed reimbursement rates to become operative beginning on July 1, 2020, and on July 1 of every third year thereafter. (Welf. & Inst. Code § 14105.22(b).)
 - b) Data reports provided to the DHCS are confidential and exempt from disclosure under the California Public Records Act (CPRA). (Welf. & Inst. Code § 14105.22(a)(6).)

This bill:

- 1) Requires reimbursement for clinical laboratory or laboratory services to equal, instead of not exceed, the lowest of the following:
 - a) the amount billed;
 - b) the charge to the general public;
 - c) 100 percent of the lowest maximum allowance established by the federal Medicare Program (Medicare) for the same or similar services for dates of service on or after July 1, 2022; or
 - d) a reimbursement rate based on an average of the lowest amount that other payers and other state Medicaid programs are paying for similar clinical laboratory or laboratory services.

- 2) Requires, for services on or after July 1, 2027, or when funding is appropriated to implement this provision, whichever occurs first, that reimbursement rates to providers for clinical laboratory or laboratory services related to the diagnosis and treatment of STIs are to equal the lowest of the following:
 - a) the amount billed;
 - b) the charge to the general public; or
 - c) 100 percent of the lowest maximum allowance established by the federal Medicare Program for the same or similar services.
- 3) Provides that data on clinical laboratory or laboratory services related to the diagnosis and treatment of STIs is exempt from the data reporting requirement for services on or after January 1, 2027, or when funding is appropriated to implement 2), above, whichever is sooner.
- 4) Requires DHCS to make available to the public a dataset of the deidentified raw data required to be reported by any applicable laboratory service providers that reported a volume greater than 10 tests for the data-collection period.
 - a) The dataset is to include Healthcare Common Procedure Coding System (HCPCS) codes, third-party payer rates, and associated volumes of tests furnished
 - b) DHCS is required publish the associated dataset coincident with publishing updated reimbursement rates.

COMMENTS

1. Stated need for the bill

The author writes:

California is experiencing epidemic levels of sexually transmitted infections (STIs) which, left untreated, can lead to serious health complications. STIs are preventable through regular testing and timely treatment. Ensuring that these services are accessible, especially to our state's most vulnerable populations, is critical to ending California's STI epidemic. Unfortunately, community health centers and those that serve Medi-Cal recipients face unsustainably low reimbursement rates for STI testing, impacting their ability to provide necessary care.

SB 339 addresses this issue by guaranteeing fair reimbursement rates for STI testing, helping to ensure that low-income Californians continue to have access to these vital services. Currently, Medi-Cal rates for STI testing are adjusted on a triannual basis based on the lowest average of commercial rate for testing, not to exceed 100% of Medicare. Intended to keep Medi-Cal costs low, the triannual review process has instead resulted in retroactive clawbacks of reimbursements and rate uncertainty, leaving community health centers scrambling to support their low-income patients.

SB 339 will exempt STI testing and treatment from the triannual review process and cap reimbursement at the lowest maximum Medicare allowance.

2. Medi-Cal reimbursement rates for clinical laboratory or laboratory services

The author, sponsor, and supporters of the bill claim that “California has seen unprecedented epidemic levels of STIs for the past 5 years.” As evidence for this, they point to data reported by the federal Centers for Disease Control and Prevention (CDC) in 2022 showing that California had the 22nd highest chlamydia rate (per 100,000 population), the 18th highest gonorrhea rate, and 11th highest rate of congenital syphilis (per 100,000 live births).¹ The DHCS reported that “[s]triking disparities in STI rates persist throughout the state, with the highest rates among Black/ African Americans; men who have sex with men; and young people (15-24 years of age). People with bacterial STIs are at higher risk for related adverse health outcomes such as HIV infection, infertility, ocular, otic, and neurosyphilis, and multi-drug resistant gonorrhea, among others.”²

Testing is a crucial part of treating and stopping the spread of STIs, especially for vulnerable populations. Planned Parenthood Affiliates of California, the sponsor of the bill, writes:

Regular STI testing is the first step to ensuring proper diagnosis and treatment of STIs, decreasing transmission, and mitigating long term negative health impacts. For example, Planned Parenthood of Orange and San Bernardino Counties (PPOSBC) recently reported a substantial decline of 32% in early syphilis cases in cities where there is a PPOSBC health center, underscoring the impact of their STI screening efforts.

Under existing law, DHCS conducts a review of commercial reimbursement rates for clinical laboratory services, including tests for STIs, every three years. According to the author and sponsor, this review is not transparent and very often results in significant reductions to reimbursement rates for Medi-Cal providers. These reductions in rates are implemented retroactively resulting in clawbacks, which weakens the ability of providers to offer vital STI testing.

In order to address this issue the bill does several things. First, the bill exempts data on clinical laboratory or laboratory services related to the diagnosis and treatment of STIs from being reported to DHCS for dates of services on and after January 1, 2027. Second, the bill provides that clinical laboratory or laboratory services for the diagnosis or treatment of STIs are to equal the lowest of: the amount billed, the charge to the general

¹ *Sexually Transmitted Infections in California 2022 Executive Summary*, Cal. Dept. of Pub. Health at p. 3, available at <https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/2022-STD-Surveillance-Executive-Summary.pdf>.

² *Id.* at 1.

public, 100 percent of the lowest maximum allowance under Medicare. The bill provides that this provision applies for services on and after July 1, 2027, or when funding is implemented, whichever occurs first. Third, the bill provides that for all other clinical laboratory or laboratory services, the reimbursement rate is to equal, instead of not exceed, the lowest of: the amount billed; the charge to the general public, 100 percent of the lowest maximum allowed under Medicare; or the reimbursement rate based on an average of the lowest amount that other payers and other state Medicaid programs are paying for similar clinical laboratory or laboratory services.

Lastly, the bill requires DHCS to make available to the public a dataset of the deidentified raw data required to be reported to DHCS by any applicable laboratory service provider that reported a volume greater than 10 tests for the data-collection period. The dataset is to include HCPCS codes, third-party payer rates, and associated volumes of tests furnished. Under the bill, DHCS is required publish this information coincident with publishing updated reimbursement rates. By requiring the data to be deidentified before being made available to the public, the bill ensures the confidentiality of any personally identifiable information that may be contained in the data set.

3. Statements in support

Essential Access Health writes in support, stating:

California has seen unprecedented epidemic levels of STIs for the past 5 years. In 2022, the CDC reported that California had the 22nd highest chlamydia rate, 18th highest gonorrhea rate, and 11th highest rate of congenital syphilis, per capita. The highest STI rates continue to occur among young people (aged 15-24) and Black and LGBTQ+ individuals, particularly those assigned male at birth. People with bacterial STIs are at higher risk for related adverse health outcomes, such as infertility and multi-drug resistant gonorrhea. Racial disparities in gonorrhea persist with Black individuals experiencing infections at 2.6 times higher than the statewide rate.

Regular STI testing is the first step to ensuring proper diagnosis and treatment of STIs, decreasing transmission, and mitigating long term negative health impacts. Safety-net providers, including community health centers, offer essential STI testing and treatment services to Californians with disproportionately high rates of STIs. These providers depend on adequate Medi-Cal reimbursement rates to provide these services. However, the variable reimbursement rate process has created a challenging financial environment for safety-net providers.

SB 339 will solve this problem by excluding clinical laboratory tests for STIs from the triannual review process and setting those rates to 100% of Medicare. Essential Access is committed to supporting policies that reduce the transmission of sexually

transmitted infections and expand access to preventive services, including funding for testing and treatment.

SUPPORT

Planned Parenthood Affiliates of California (sponsor)
American College of Obstetricians & Gynecologists - District IX
APLA Health
California Clinical Laboratory Association
California Latinas for Reproductive Justice
California Society of Pathologists
Council of Community Clinics
Equality California
Essential Access Health
Los Angeles LGBT Center
The BIPOC Student Midwives Fund

OPPOSITION

None received

RELATED LEGISLATION

Pending Legislation: None known.

Prior Legislation:

AB 133 (Committee on Budget, Ch. 143, Stats. 2021), among other things, required DHCS to develop, subject to federal approval, reimbursement rates for clinical or laboratory services according to specified standards.

AB 1327 (Petrie Norris 2021) would have deleted the requirement for Medi-Cal fee-for-service clinical laboratory or laboratory services reimbursement to not exceed 80 percent of the lowest maximum allowance established by Medicare for the same or similar services. The provisions of this bill were enacted in AB 133.

AB 659 (Ridley-Thomas, Ch. 346, Stats. 2017) required third-party payer data to be analyzed every three years, instead of every year, for setting reimbursement rates by DHCS.

PRIOR VOTES:

Senate Health Committee (11 Ayes, 0 Noes)
