



OFFICE OF THE GOVERNOR

OCT 13 2019

To the Members of the California State Senate:

I am returning Senate Bill 503 without my signature.

This bill would impose several requirements on Medi-Cal managed care health plans (MCPs) related to their oversight of their subcontractors. Chief among SB 503's provisions is the requirement that MCPs, beginning January 1, 2022, conduct annual medical audits of any subcontractor responsible for medical review and decision-making.

Health plans are already required to exercise oversight over their subcontractors and I believe the goals of this bill can be achieved administratively. As such, I direct the Department of Health Care Services (DHCS) to remind MCPs of their contractual responsibilities to monitor their subcontracts, and to include a review of the MCP subcontractor auditing in its audits of MCPs.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin Newsom", written over a printed name label.

Gavin Newsom

