



OFFICE OF THE GOVERNOR

SEP 28 2020

To the Members of the California State Assembly:

I am returning Assembly Bill 515 without my signature.

Assembly Bill 515 would authorize the Department of Health Care Services (DHCS) to reduce the interest rate assessed against any unrecovered overpayment to less than seven percent when a provider enters into a repayment agreement.

However, AB 515 fails to distinguish between overpayments due to provider fraud and abuse and those caused by Medi-Cal policy changes or DHCS error that are not the fault of a billing provider. In addition, it does not make the option for DHCS to waive interest subject to the availability of federal funding. As written, AB 515 would make it difficult for DHCS to protect California taxpayers from fraud, abuse, or improper billing.

I encourage the author to work with DHCS on future legislation that will specify the circumstances under which interest may be waived, and make those conditions subject to the availability of federal funding, in order to protect the State General Fund.

Sincerely,

Gavin Newsom

