

Article 7 – Fiscal

5.7.1 Payment of Non-Contract Claims

(a) Policy

California Correctional Health Care Services (CCHCS) and Division of Health Care Services (DHCS) shall pay undisputed claims timely for which payment is appropriate under a settlement agreement, an Order of a court or administrative tribunal that is final or that CCHCS/DHCS chooses not to appeal, or for other reasons (hereinafter referred to as non-contract claims).

(b) Purpose

Establish a consistent approach for CCHCS/DHCS internal review and approval of non-contract claims to ensure payment of non-contract claims is legally appropriate, is approved by any impacted CCHCS/DHCS programs and/or California Department of Corrections and Rehabilitation (CDCR) institutions, and is within CCHCS/DHCS budget.

(c) Applicability

(1) This policy sets forth the process for CCHCS/DHCS internal approval of payment for certain types of claims, including, but not limited to, the following:

- (A) Claims filed with the Department of General Services' Office of Risk and Insurance Management, such as claims by contractors related to invoices that CCHCS/DHCS has deemed are not properly payable under contract and claims by employees or others.
- (B) Claims before the Labor Commissioner, such as claims by subcontractors that have not been paid by a contractor for goods or services that CCHCS/DHCS received.
- (C) Appeals filed with the State Personnel Board or California Department of Human Resources by CCHCS/DHCS employees that result in reinstatements, back pay settlements, or other resolution that involves monetary payment.
- (D) Settlement of court or other administrative litigation, including commercial litigation, the assessment of fines against CCHCS/DHCS, and inmate claims.
- (E) Other matters that are within the CCHCS/DHCS authority.

(2) This policy is not applicable to the following:

- (A) Processes that are external to CCHCS/DHCS.
- (B) Payment of invoices that are payable pursuant to contract.
- (C) Payment of invoices that are payable pursuant to the Plata Court Orders dated March 30, 2006, and November 8, 2006.
- (D) Payment of invoices that are payable pursuant to Penal Code Section 5023.5.
- (E) Action on out-of-class grievances.

(d) Responsibility

Responsibility for review and approval of non-contract claims pertaining to the Mental Health and Dental Services programs shall reside with the Undersecretary, Health Care Services. Responsibility for review and approval of non-contract claims pertaining to Medical Services and all other areas within CCHCS shall reside with the Receiver, who hereby delegates review and approval to the Undersecretary, Health Care Services. The Undersecretary, Health Care Services, hereby delegates review and approval, except as noted in (e)(2)(B), below, to the Director of Health Care Policy and Administration, the Chief Counsel of the CCHCS Office of Legal Affairs (COLA), the Associate Director of Fiscal Management or designee, the Deputy Director of any CCHCS program area, and the Chief Executive Officer of any CDCR institution impacted by the non-contract claim. The appropriate level of review shall be determined by the value of the non-contract claim that is proposed to be paid, following the procedure set forth below.

(e) Procedure

(1) Requests for settlement or payment of claims, including requests for settlement authority for upcoming hearings in any judicial or administrative forum, shall be directed to the attention of the Chief Counsel, COLA. The Chief Counsel shall seek recommendations from the assigned COLA Attorney, the Deputy Director of any CCHCS/DHCS program area, and the Chief Executive Officer of any CDCR institution that is impacted by the claim.

- (A) The COLA Attorney shall indicate the time within which reply to the request is needed, to ensure timely response to the request for settlement or payment of the claim.

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- (B) The COLA Attorney shall secure a budget line item for funding from the Associate Director of Fiscal Management or designee, if the recommendation proposes payment of CCHCS/DHCS funds.
- (2) The COLA Attorney shall ensure preparation of a memorandum containing the recommendation(s) of persons within CCHCS/DHCS who have responded to the COLA Attorney's request. This memorandum shall be routed for the following approvals:
- (A) Recommendations for settlement or payment of claims of under \$100,000: Approvals are required by the Chief Counsel, the Deputy Director of any impacted CCHCS/DHCS program area, the Chief Executive Officer of any impacted CDCR institution, and the Director of Health Care Policy and Administration.
- (B) Recommendations for settlement or payment of claims of \$100,000 or more: Approvals are required by the Undersecretary, Health Care Services, for their respective areas of responsibility, in addition to the approvals required in (e)(2)(A).
- (3) Upon receipt of the required approvals or a decision not to approve the requested settlement or payment, the Chief Counsel shall arrange for appropriate response to the party requesting settlement or payment of the claim.
- (4) The original approval package shall be retained by COLA, which shall serve as CCHCS/DHCS custodian of records regarding these claims.

(f) Contact

For questions regarding this policy and procedure, please contact the Associate Director, Fiscal Management, or the Chief Counsel, COLA.

References

- *Plata v. Brown*, Order Re State Contracts, March 30, 2006
- *Plata v. Brown*, Supplemental Order Re State Contracts, November 8, 2006
- California Government Code, Title 1, Division 3.6, Part 3, Chapter 4.5, Sections 927- 927.13, Prompt Payment of Claims
- California Government Code, Title 2, Division 5, Part 2, Chapter 2, Article 3, Sections 18701-18717, General Powers and Duties
- California Government Code, Title 2, Division 5, Part 2.6, Chapter 1, Article 2, Sections 19816.2-19816.21, Powers and Duties
- California Labor Code, Division 1, Chapter 1, Sections 50-64.5, General Powers and Duties
- California Penal Code, Part 3, Title 7, Chapter 1, Section 5023.5

Revision History

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