

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
1301 Young Street, Suite 900  
Dallas, Texas 75202



Medicaid and CHIP Operations Group

---

May 5, 2020

Jacey Cooper  
Chief Deputy Director, Health Care Programs  
CA Department of Health Care Services  
Director's Office, MS 0000  
P.O. Box 997413  
Sacramento, CA 95899-7418

Dear Ms. Cooper:

In accordance with 42 Code of Federal Regulations (CFR) 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving California's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on June 30, 2019.

Specifically, the following proposal for delivery system and provider payment initiatives is approved:

- Uniform Dollar Increase per adjudicated claim on select procedure codes established by the state for all primary care, specialty physician and mental health outpatient provider types excluding federally qualified health centers, rural health centers, tribal health clinics and cost-based reimbursement clinics for the rating period covering July 1, 2019 through December 31, 2020

This approval letter does not constitute approval of any Medicaid managed care plan contracts or rate certifications for the aforementioned rating period, or any specific Medicaid financing mechanism used to support the provider payment arrangement. All other federal laws and regulations apply. This approval letter only satisfies the regulatory requirement pursuant to 42 CFR 438.6(c)(2) for written approval prior to implementation of any payment arrangement described in 42 CFR 438.6(c)(1). Approval of the corresponding Medicaid managed care plan contracts and rate certifications is still required.

Note that this payment arrangement must be addressed in the applicable rate certifications. CMS is happy to provide technical assistance to states and their actuaries.

As noted during review, the state is asked to describe prior year(s) evaluation findings and the payment arrangement's impact on the goal(s) and objective(s) in the State's quality strategy. The state advised that it plans to have Year 1 evaluation findings ready by the end of the first quarter of next year. Please provide those findings to CMS as soon they become available.

CMS notes that the state has included encounter and utilization metrics in its evaluation, but we request that the state also include at least one outcome measure in next year's preprint to better show the impact of this payment arrangement on the quality strategy goal. CMS would be happy to provide assistance with measure selection.

If you have questions concerning this letter, please contact Laura Snyder, Division of Managed Care Policy at (410) 786-3198, Stephanie Sale at (214) 767-4419, or Kitaho Kato at (415) 744-3639.

Sincerely,

A handwritten signature in black ink that reads "Bill Brooks". The signature is written in a cursive, slightly slanted style.

Bill Brooks, Director  
Division of Managed Care Plan Operations

cc: Laura Snyder, DMCP