



State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

DATE: November 10, 2008

MMCD All Plan Letter 08-010

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: HOSPITAL PAYMENT FOR MEDI-CAL POST-STABILIZATION SERVICES

This All Plan Letter (APL) serves to provide information to Medi-Cal managed care plans regarding Welfare and Institutions (W&I) Code Sections 14091.3 and 14166.245, recently enacted in Sections 42 and 57, respectively, of Assembly Bill 1183 (Chapter 758, Statutes of 2008).

W&I Code Section 14091.3(c)(3) is based upon federal regulations and requires that all general acute care hospitals, including hospitals that contract with the Department of Health Services (DHCS) under the Medi-Cal Selective Provider Contracting Program (SPCP), that do not have in effect a contract for inpatient services with a Medi-Cal managed care plan, for post-stabilization services following an emergency admission that are furnished to a beneficiary enrolled in the plan, shall accept as payment in full for post-stabilization services the hospital's Medi-Cal Fee-For-Service (FFS) payment amounts for general acute care inpatient services set forth in W&I Code Section 14166.245.

W&I Code Section 14166.245 establishes such FFS payment amounts, which for the purposes of Section 14091.3(c)(3) shall also apply to SPCP and non-SPCP hospitals, as the **lesser** of the following two payment amounts for that particular hospital: (1) founded on the hospital's cost based interim percentage rate reduced by 10 percent, or (2) the hospital's applicable regional average per diem rate for tertiary or non-tertiary hospitals, reduced by 5 percent. For the hospitals that do not qualify as small and rural hospitals, but are exempt from the **lesser** of the two payment amounts as provided in W&I Code Section 14166.245(b)(2)(B), the payment amount shall be (1) above. For hospitals that do qualify as small and rural hospitals, the payment amounts shall be (1) above without the 10 percent reduction, as provided in W&I Section 14166.245(g).

Please note that the payment amounts set forth in the paragraph immediately above are applicable to payments for post-stabilization services only, and are not applicable to payments for emergency inpatient services pursuant to the Rogers Amendment.

Emergency inpatient services payment amounts for hospitals that do not have in effect a contract for inpatient services with a Medi-Cal managed care plan do not take into account the exemptions provided for in W&I Code section 14166.245 with respect to small and rural hospitals and specified hospitals in open health facility planning areas; however, such exemptions do apply to payments for post-stabilization services following an emergency admission.

The hospital's particular cost based interim percentage rate can be obtained from DHCS' Audits and Investigations Division, Audit Review and Analysis Section, at (916) 650-6696. The regional average per diem rates for tertiary and non-tertiary hospitals, reduced by 5 percent are as follows:

Region	Tertiary Status	Rate
San Francisco Bay Area	Non-tertiary	\$ 1,682
San Francisco Bay Area	Tertiary	\$ 2,605
Southern California	Non-tertiary	\$ 1,219
Southern California	Tertiary	\$ 1,898
Other	Non-Tertiary	\$ 1,340
Other	Tertiary	\$ 1,847

San Francisco Bay Area = Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma

Southern California = Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura

Other Areas = All other counties or Combined Statistical Areas

The average regional per diem SPCP contract rates in the table above are derived from unweighted average SPCP contract per diem rates that are publicly available on June 1 of each year and trended forward based on the annual increases in the regional average SPCP contract rates, as published in the CMAC Annual Report to the Legislature, reduced by 5 percent. As required by Government Code Section 6254(q) and SPCP contract terms, SPCP rates are confidential for 4 years and managed care

plans or their contractors cannot require or compel an SPCP hospital to disclose or otherwise reveal its confidential SPCP rate information.

As required by Section 14091.3(c)(3), DHCS has obtained the necessary approval from the Centers for Medicare and Medicaid Services (CMS) for contract language providing for the implementation of payment amounts for post-stabilization services following an emergency admission. Therefore, DHCS is implementing the payment amounts Medi-Cal managed care plans are required to reimburse non-contracting hospitals by Section 14091.3 effective for dates of service beginning November 1, 2008.

Medi-Cal managed care contracts will be amended effective November 1, 2008, to include the contract language that has been approved by CMS. The payment amounts required by Section 14091.3, however, will be effective as of November 1, 2008, regardless of whether the managed care plan's contract has been amended to include the approved language, which shall read as follows:

“Effective November 1, 2008, consistent with 42 CFR 438.114(e), 422.113(c)(2), and 422.214 Contractor is financially responsible for payment for post-stabilization services following an emergency admission at the hospital's Medi-Cal Fee-for-Service (FFS) payment amounts for general acute care inpatient services rendered by a non-contracting Medi-Cal certified hospital, unless a lower rate is agreed to in a writing signed by the hospital. For the purposes of this Subprovision __, the Medi-Cal FFS payment amounts for dates of service when the post-stabilization services were rendered shall be the Medi-Cal FFS payment amounts established in W&I Code Section 14166.245, which for the purposes of this Subprovision __ shall apply to all general acute care hospitals, including hospitals contracting with the State under the Medi-Cal Selective Provider Contracting Program (W & I Section 14081 et. seq.), less any associated direct or indirect medical education payments to the extent applicable. Payment made by Contractor to a hospital that accurately reflects the payment amounts required by this Sub provision shall constitute payment in full under this Subprovision __, and shall not be subject to subsequent adjustments or reconciliations by Contractor, except as provided by Medicaid and Medi-Cal law and regulations. A hospital's tentative and final cost settlement processes required by 22 CCR 51536 shall not have any effect on payments made by Contractor pursuant to this Subprovision __.”

DHCS and the California Medical Assistance Commission will be providing managed care plans with contract amendments that include this language as soon as possible.

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If you have questions about the information in this letter, please contact your contract manager.

Sincerely,

A handwritten signature in blue ink that reads "Vanessa M. Baird". The signature is written in a cursive style.

Vanessa M. Baird, MPPA, Chief
Medi-Cal Managed Care Division