

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 6, 2016

Mari Cantwell
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

Enclosed is a copy of California State Plan Amendment (SPA) CA-16-019, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 30, 2016. This amendment makes technical revisions to update the hospital participation criteria for supplemental reimbursement to outpatient departments of public hospitals meeting specified requirements under California Welfare and Institutions Code 14105.96. These revisions also reflect the State law creation of hospital authorities to govern two designated public hospitals: Alameda Health System and Kern Medical Center.

The effective date of this SPA is July 1, 2016. Enclosed are the following approved SPA pages that should be incorporated into your approved state plan:

- Attachment 4.19-B, pages 46 and 49

If you have any questions, please contact Cheryl Young at 415-744-3598 or via email at Cheryl.Young@cms.hhs.gov.

Sincerely,

/s/

Henrietta Sam-Louie
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: John Mendoza, California Department of Health Care Services (DHCS)
Shiela Mendiola, DHCS
Wendy Ly, DHCS
Nathaniel Emery, DHCS

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES | 1. TRANSMITTAL NUMBER <u>1</u> <u>6</u> — <u>0</u> <u>1</u> <u>9</u> | 2. STATE California |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |

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| TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE July 1, 2016 |
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5. TYPE OF PLAN MATERIAL (*Check One*)

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

| | |
|--|--|
| 6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.250 through 447.272 | 7. FEDERAL BUDGET IMPACT a. FFY ²⁰¹⁶ \$ 0 b. FFY ²⁰¹⁷ \$ 0 |
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|---|---|
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 46 and 49 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19-B, Page 46 and 49 |
|---|---|

10. SUBJECT OF AMENDMENT
Supplemental Reimbursement for Public Hospital Outpatient Services

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

ORIGINAL SIGNED

Mari Cantwell

14. TITLE
State Medicaid Director

15. DATE SUBMITTED **SEP 30 2016**

16. RETURN TO

Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

| | |
|---|--|
| 17. DATE RECEIVED September 30, 2016 | 18. DATE APPROVED December 6, 2016 |
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PLAN APPROVED - ONE COPY ATTACHED

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| 19. EFFECTIVE DATE OF APPROVED MATERIAL July 1, 2016 | 20. SIGNATURE OF REGIONAL OFFICIAL /s/ |
| 21. TYPED NAME Henrietta Sam-Louie | 22. TITLE Associate Regional Administrator, Division of Medicaid & Children's Health Operations |

23. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

SUPPLEMENTAL REIMBURSEMENT FOR PUBLIC OUTPATIENT HOSPITAL SERVICES

This program provides supplemental reimbursement for an outpatient department of a general acute care hospital that is owned or operated by a city, county, city and county, the University of California, health care district, or hospital authority, which meets specified requirements and provides outpatient hospital services to Medi-Cal beneficiaries.

Supplemental reimbursement under this program is available only for costs that are in excess of the payments the hospital receives per visit or per procedure for outpatient hospital services from any source of Medi-Cal reimbursement.

A. Definition of an Eligible Hospital

A hospital is determined eligible only if the local agency continuously has all of the following additional characteristics during the Department's rate year beginning August 1, 2002, and subsequent rate years:

1. Provides services to Medi-Cal beneficiaries.
2. Is an acute care hospital providing outpatient hospital services. For purposes of this section, "acute care hospital" means the facilities described at subdivision (a) or (b), or both, of Section 1250 of the Health and Safety Code.
3. Is owned or operated by a city, county, city and county, the University of California, health care district organized pursuant to Chapter 1 of Division 23 (commencing with Section 32000) of the Health and Safety Code, or hospital authority described in Section 101850 or 101852, et seq., of the Health and Safety Code.

Local agencies of eligible hospitals must provide certification to the state that the amount claimed by them is eligible for federal financial participation.

B. Supplemental Reimbursement Methodology

Supplemental reimbursement provided by this program to an eligible hospital is intended to allow federal financial participation for certified

1. Certify, in conformity with the requirements of Section 433.51 of Title 42 of the Code of Federal Regulations, that the claimed expenditures for hospital outpatient hospital services are eligible for federal financial participation.
2. Provide evidence supporting the certification as specified by the Department.
3. Submit data as specified by the Department to determine the appropriate amounts to claim as expenditures qualifying for federal financial participation.
4. Keep, maintain and have readily retrievable, such records as specified by the Department to fully disclose reimbursement amounts to which the eligible hospital is entitled, and any other records required by the Centers for Medicare & Medicaid Services.

Standards for Supplemental Reimbursement

1. The Department may require that any general acute care hospital owned or operated by a city, county, city and county, the University of California, or health care district receiving supplemental reimbursement under this program enter into a written interagency agreement with the Department for the purposes of implementing this program.
2. Supplemental reimbursement paid under this program must comply with the requirements of Section B, above.

A. Department's Responsibilities

1. The Department will submit claims for federal financial participation for the expenditures for services that are allowable expenditures under federal law.
2. The Department will, on an annual basis, submit any necessary materials to the federal government to provide assurances that claims for federal financial participation will include only those expenditures that are allowable under federal law.
3. The State share of the supplemental reimbursement under this program will be equal to the amount of the federal financial participation of eligible expenditures paid by city, county, city and county, the University of California or health care district funds and certified to the state as specified in Section C.1, above.