

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898



Medicaid and CHIP Operations Group

March 25, 2020

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

Dear Ms. Cooper:

Enclosed is an approved copy of California State Plan Amendment (SPA) 19-0011, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on June 27, 2019. SPA 19-0011 will update the effective date for clinical laboratory service rates with a new fee schedule beginning April 1, 2019. The SPA also makes a technical correction to the coverage pages to align the title of the services affected by this SPA.

The SPA was approved by CMS on March 20, 2020 with a SPA effective date of April 1, 2019. Enclosed are the following approved SPA pages that should be incorporated into your approved state plan:

- Attachment 3.1-A, page 4
- Attachment 3.1-B, page 4
- Attachment 4.19-B, pages 3d and 3f

CMS would like to remind the state that any changes the Department of Health Care Services makes to either the reimbursement or reimbursement methodology for a medical service requires a CMS-approved SPA to implement. Failure to submit a SPA timely puts the state at financial risk for federal matching funds.

Page 2 – Jacey Coooper, Chief Deputy Director

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

Sincerely,



Digitally signed by James G. Scott -S
Date: 2020.03.25 13:48:56 -05'00'

James G. Scott, Director
Division of Program Operations

Enclosures

cc:

Lindy Harrington, California Department of Health Care Services (DHCS)

Connie Florez, DHCS

Michelle Tamai, DHCS

Angeli Lee, DHCS

Amanda Font, DHCS

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 9 — 0 0 11

2. STATE

California

3. PROGRAM IDENTIFICATION:

TITLE XIX OF THE SSA (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2019

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, Subpart F

7. FEDERAL BUDGET IMPACT

a. FFY 2019 \$ ~~(\$335,799)~~ (\$672,000)
b. FFY 2020 \$ ~~(\$671,598)~~ (\$1.3 million)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B pages 3d and 3f
Attachment 3.1-A, page 4 & Attachment 3.1-B, page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*)

Attachment 4.19-B pages 3d and 3f
Attachment 3.1-A, page 4 & Attachment 3.1-B,
page 4

10. SUBJECT OF AMENDMENT

Medi-Cal reimbursement rates for Clinical Laboratory 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

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Mari Cantwell

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
June 27, 2019

16. RETURN TO

Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
June 27, 2019

18. DATE APPROVED
March 20, 2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
April 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL
Digitally signed by James G. Scott -S
Date: 2020.03.25 13:51:44 -05'00'

21. TYPED NAME
James G. Scott

22. TITLE
Director, Division of Program Operations

23. REMARKS

For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.
CMS Box 7: CMS pen and ink change to revise projections per DHCS response to CMS' informal questions dated 8/28/19.
CMS Box 8 & 9: Addition by CA of new coverage pages with permission to make pen/ink change made via email dated 2/13/20.

STATE PLAN CHART

TYPE OF SERVICE	PROGRAM COVERAGE**	PRIOR AUTHORIZATION OR OTHER REQUIREMENTS*
3. Other laboratory and X-ray services	As required on order of a licensed practitioner except laboratory services provided in renal dialysis centers and community hemodialysis units are payable only when billed by the center or unit.	Prior authorization is required for nonemergency portable X-ray services unless performed in a skilled nursing facility (SNF) or intermediate care facility (ICF).
4a. Skilled nursing facility	<p>Covered when patient has need for daily skilled nursing and/or daily special rehabilitation services which, as a practical matter, can only be provided on an inpatient basis.</p> <p>The patient must be visited by a physician at least monthly for the first three months and at least every two months thereafter.</p>	<p>Prior authorization is required.</p> <p>Attending physicians must recertify a patient's level of care and plan every 60 days.</p> <p>For patients having Medicare as well as Medi-Cal eligibility (crossover cases), authorization is required at the time of Medicare denial or on or before the 20th day after admission.</p>

* Prior authorization is not required for emergency services.

** Coverage is limited to medically necessary services.

STATE PLAN CHART

TYPE OF SERVICE	PROGRAM COVERAGE**	PRIOR AUTHORIZATION OR OTHER REQUIREMENTS*
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** Coverage is limited to medically necessary services.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

4. Reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, page 1, paragraph 3, entitled "Other Laboratory and X-ray Services," will be developed by the Department of Health Care Services (DHCS) using the following methodology:
 - a) Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following:
 - (1) the amount billed,
 - (2) the charge to the general public,
 - (3) 80% of the lowest maximum allowance established by the federal Medicare Program for the same or similar services.
 - b) The ten percent payment reduction included in 4.19-B, page 3.3, paragraph (13) shall apply to the new rates calculated using the methodology described in this paragraph.
 - c) The Department's fee schedule rates are set as of April 1, 2019 and are effective for services provided on or after that date. All rates for clinical laboratories and laboratory services are published at:
<http://files.medi-cal.ca.gov/pubsdoco/rates/rateshome.asp>

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
1(d)(3)	January 1, 2004	The manufacturer's suggested retail purchase price reduced by a percentage discount of 20%, or by 15% if the provider employs or contracts with a qualified rehabilitation professional	California Welfare and Institutions Code section 14105.48
1(e)(2)	October 1, 2003	The acquisition cost plus a 23% markup	California Welfare and Institutions Code section 14105.48
3	July 1, 2015	As referenced in Attachment 4.19-B, Page 3c, Paragraph Number 3	California Welfare and Institutions Code section 14105.21
4	April 1, 2019	Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following: (1) the amount billed, (2) the charge to the general public, (3) 80% of the lowest maximum allowance established by the federal Medicare Program for the same or similar services.	California Welfare and Institutions Code section 14105.22

TN 19-0011
Supersedes
TN: 19-0005

Approval Date: March 20, 2020 Effective Date: April 1, 2019