

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

**JUL 20 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

RE: California State Plan Amendment 16-015

Dear Ms. Cantwell:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 16-015. This amendment revises the governmental hospital supplemental payment program in Supplement 2 of Attachment 4.19-A by allowing for an interim payment and reconciliation process, effective May 14, 2016.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 16-015 is approved effective May 14, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

ORIGINAL SIGNED

Kristin Fan  
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**16-015**

2. STATE  
California

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
May 14, 2016

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 C

7. FEDERAL BUDGET IMPACT:  
a. FFY 2016      \$55,486,138      \$0  
b. FFY 2017      \$63,881,191      \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 2 to Attachment 4.19A, page 6.a

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Supplement 2 to Attachment 4.19A, pages 1-6

10. SUBJECT OF AMENDMENT:

SUPPLEMENTAL REIMBURSEMENT FOR INPATIENT HOSPITAL SERVICES

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

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
The Governor's Office does not  
wish to review the State Plan Amendment.

ORIGINAL SIGNED

14. TITLE:  
State Medicaid Director

15. DATE SUBMITTED:

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

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

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**SUPPLEMENTAL REIMBURSEMENT FOR INPATIENT HOSPITAL SERVICES**

**Interim Supplemental Payments:**

In the event that the UPL is not finalized by April 1<sup>st</sup> of the current SFY, DHCS will calculate an interim supplemental payment to be paid to the current SFY's eligible hospitals.

The interim supplemental payment will be calculated using 80 percent of the most recent prior SFY's finalized UPL room. Interim supplemental payments will be processed and paid in the fourth quarter of the SFY.

Once the current SFY's UPL is finalized the interim supplemental payments will be reconciled to the final UPL room amount. The final supplemental payments for the current SFY will be made no later than the end of the following SFY.

- i. If at the end of the reconciliation process, it is determined that the hospital received an overpayment, the overpayment will be collected from the hospital.
- ii. If at the end of the reconciliation process, it is determined that the hospital received an underpayment, the final calculated payment amount due to the hospital will be processed.

TN No. 16-015  
Supersedes:  
TN No. NONE

Approval Date: JUL 20 2016 Effective Date: May 14, 2016