



JENNIFER KENT  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

Ms. Henrietta Sam-Louie  
Associate Regional IX Administrator  
Division of Medicaid and Children's Health Operations  
Centers for Medicare and Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

**STATE PLAN AMENDMENT (SPA) 17-003**

Dear Ms. Sam-Louie:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 17-003 for your review and approval. This SPA proposes a rate setting methodology for acute inpatient intensive rehabilitation services provided by new rehabilitation facilities in California, as authorized under California Welfare and Institutions Code sections, 14064 and 14132.8.

No tribal consultation was required for SPA 17-003.

A Public Notice was published on December 20, 2016.

SPA 17-003 will be effective January 1, 2017.

If you have any questions regarding the SPA, please contact John Mendoza, Chief, Safety Net Financing Division, at (916) 552-9130 or via e-mail at [John.Mendoza@dhcs.ca.gov](mailto:John.Mendoza@dhcs.ca.gov).

ORIGINAL SIGNED

State Medicaid Director

Enclosures

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

1. TRANSMITTAL NUMBER:  
**17-003**

2. STATE  
CA

**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  
**January 1, 2017**

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 Part 447, Subpart C, 1902(a)(13) of the Act**

7. FEDERAL BUDGET IMPACT:  
a. FFY 2017                      \$47,555  
b. FFY 2018                      \$118,463

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-A, pages 17.62 and 17.63**  
**Attachment 4.19-A, Appendix 6, page 2**

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):  
**Attachment 4.19-A, page 17.62**  
**Attachment 4.19-A, Appendix 6, page 2**

10. SUBJECT OF AMENDMENT:

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

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**

14. TITLE:  
**State Medicaid Director**

15. DATE SUBMITTED:

1. Provided all requirements for prepayment review have been approved by DHCS, Rehabilitation Services are paid a per diem amount for each day of service that is authorized, unless otherwise specified in Attachment 4.19-A. The specific per diem rates for pediatric and adult rehabilitation services are specified in Appendix 6 and are statewide rates. The specific pediatric and adult rehabilitation per diem rates were set at a level that is budget neutral on a statewide basis for both adult and pediatric rehabilitation services based on rates in effect June 30, 2013. The specific per diem rate for a hospital that provided services to both the adult and pediatric population is based on the blend of pediatric and adult rehabilitation services provided at that specific hospital. A facility-specific blended rate is the weighted average of the statewide adult and statewide pediatric per diem rates, weighted by the individual facility's number of adult and pediatric rehabilitation days in the base period used to determine the statewide per diem rates. The labor portion (the percentage identified as the Wage Index Labor Percentage in Section 1 of Appendix 6) of all rehabilitation rates are further adjusted by the Medicare Wage Index value for each specific hospital.
2. If a California hospital does not have historical utilization data in the base period and does not provide rehabilitation services until January 1, 2017, or later, and will be providing services to both the adult and pediatric population, then that hospital's rehabilitation services per diem rate will be a statewide blended rate identified in Appendix 6 as "New Rehabilitation Rate." This statewide blended rate is calculated using the weighted average of the statewide adult and pediatric per diem rates, weighted by the number of adult and pediatric rehabilitation days statewide from the same base period discussed in paragraph C.1 above. The labor portion (the percentage identified as the Wage Index Labor Percentage in Section 1 of Appendix 6) of the rehabilitation rate calculated for a hospital subject to the New Rehabilitation Rate is further adjusted by the hospital's Medicare Wage Index value to determine the hospital's final per diem rate.
3. If a California hospital does not have historical utilization data in the base period and does not provide rehabilitation services until January 1, 2017, or later, and will be providing services to only the pediatric population, then that hospital's rehabilitation services per diem rate will be the Pediatric Rehabilitation Rate identified in Section 1 of Appendix 6. Conversely, if the hospital will be providing services to only the adult population, then that hospital's per diem rate will be the Adult Rehabilitation Rate identified in Section 1 of Appendix 6. The labor portion (the percentage identified as the Wage Index Labor Percentage in Section 1 of Appendix 6) of the hospital's Pediatric or Adult Rehabilitation Rate is further adjusted by the hospital's Medicare Wage Index value to determine the hospital's final per diem rate.

D. Updating Parameters

DHCS will review and update the Rehabilitation Services payment parameters through the State Plan Amendment process. When reviewing and updating, DHCS shall consider: access to care related to Rehabilitation Services provided, and any other issues warranting review.

E. Pre-Payment and Post Payment Review

1. All claims paid under the rehabilitation per diem are subject to DHCS' pre-payment medical necessity review and discretionary post-payment review.
2. Hospitals that receive a rehabilitation services rate calculated pursuant to paragraph C.2 or C.3 may be subject to a recalculation of its rate pursuant to C.1 on a prospective basis at DHCS' discretion except that the hospital will not be subject to placement in just the pediatric or adult rehab rate that has been required by paragraph C.1 for the hospital not having rehabilitation days in the base period.

|                               |         |   |
|-------------------------------|---------|---|
| Discharge Status Value 63     | 63      | Transfer to a long-term care hospital   |
| Discharge Status Value 65     | 65      | Transfer to a psychiatric hospital  |
| Discharge Status Value 66     | 66      | Transfer to a critical access hospital (CAH)  |
| Discharge Status Value 82     | 82      | Transfer to a short-term general hospital for inpatient care with a planned acute care hospital inpatient readmission             |
| Discharge Status Value 85     | 85      | Transfer to a designated cancer center or children's hospital with a planned acute care hospital inpatient readmission            |
| Discharge Status Value 91     | 91      | Transfer to a Medicare certified Long Term Care Hospital with a planned acute care hospital inpatient readmission                 |
| Discharge Status Value 93     | 93      | Transfer to a psychiatric distinct part unit of a hospital with a planned acute care hospital inpatient readmission               |
| Discharge Status Value 94     | 94      | Transfer to a Critical Access Hospital with a planned acute care hospital inpatient readmission                                   |
| Interim Payment               | \$600   | Per diem amount for Interim Claims  |
| APR-DRG Grouper Version       | V.33    | 3M Software version used to group claims to a DRG   |
| HAC Utility Version           | V.33    | 3M Software version of the Healthcare Acquired Conditions Utility   |
| Pediatric Rehabilitation Rate | \$1,841 | Daily rate for rehabilitation services provided to a beneficiary under 21 years of age on admission.                              |
| Adult Rehabilitation Rate     | \$1,032 | Daily rate for rehabilitation services provided to a beneficiary 21 years of age or older on admission.                           |
| New Rehabilitation Rate       | \$1,198 | Daily rate for rehabilitation services for California hospitals identified in Paragraph C.2. of pages 17.62 of Attachment 4.19-A. |

## 2. Separately Payable Services, Devices, and Supplies

| Code              | Description  |
|-------------------|--|
| 38204             | Management of recipient hematopoietic progenitor cell donor search and acquisition |
| 38204             | Unrelated bone marrow donor  |
| J7180             | Blood factor XIII  |
| J7183/J7184/Q2041 | Blood factor Von Willebrand –injection   |
| J7185/J7190/J7192 | Blood factor VIII  |
| J7186             | Blood factor VIII/ Von Willebrand  |
| J7187             | Blood factor Von Willebrand  |
| J7189             | Blood factor VIIa  |

TN No. 17-003

Supersede

TN No. 16-011

Approval Date \_\_\_\_\_

Effective Date: January 1, 2017

## SPA Impact Form

**State/Title/Plan Number: California/Title XIX/#17-003**

**Federal Fiscal Impact:**

FY 2017      \$47,555

FY 2018      \$118,463

**Number of People Affected by Enhanced Coverage, Benefits or Retained Eligibility:** \_\_\_\_\_N/A\_\_\_\_\_

**Number of Potential Newly Eligible People:** \_\_N/A\_\_

or

**Eligibility Simplification:** No

**Number of People Losing Medicaid Eligibility:** \_\_N/A\_\_\_\_\_

**Reduces Benefits:** No

**Provider Payment Increase:** No

**Delivery System Innovation:** No

**Comments/Remarks:**

**DHS Contact:**

**Maria Jaya  
Safety Net Financing Division  
(916) 552-9317**

**Date: March 16, 2017**