



MICHELLE BAASS
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

December 30, 2021

Mr. James G. Scott, Director
Centers for Medicare & Medicaid Services
Medicaid and CHIP Operations Group
Division of Program Operations
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

STATE PLAN AMENDMENT 21-0005: EXTEND THE PROPOSITION 56
SUPPLEMENTAL PAYMENTS FOR FREESTANDING PEDIATRIC SUBACUTE
FACILITIES

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) 21-0005 documents for your review and approval. This SPA seeks to extend the supplemental payment program for Freestanding Pediatric Subacute (FS/PSA) facilities past the current sunset date of December 31, 2021, effective beginning January 1, 2022.

On November 8, 2016, California voters approved the California Healthcare, Research and Prevention Tobacco Tax Act (commonly known as Proposition 56) to increase the excise tax rate on cigarettes and tobacco products. Under Proposition 56, a specified portion of the tobacco tax revenue is allocated to DHCS for use as the non-federal share of health care expenditures in accordance with the annual state budget process. DHCS is authorized to use Proposition 56 funds to provide supplemental payments for FS/PSA facilities through December 31, 2021, under approved SPA 19-0042.

Assembly Bill (AB) 133 (Chapter 143, Statutes of 2021) added Section 14105.194 to the Welfare and Institutions Code, lifting the payment reductions imposed by AB 97 (Chapter 3, Statutes of 2011) on FS/PSA facilities. Beginning with 2021-22 rate year, the reimbursement rates for these facilities will be established at the lesser of the facility's costs as projected by the Department, or the rate based on the class median rates, broken down by ventilator and non-ventilator services. In addition, the per diem rates for FS/PSA facilities will account for, and be inclusive of, any Proposition 56 supplemental payments for each state fiscal year when Proposition 56 tax funds are allocated to FS/PSA facilities.

Mr. James G. Scott
Page 2
December 30, 2021

The supplemental payment amount for FS/PSA facilities is a fixed amount of \$132.92 for Ventilator and Non-Ventilator services.

DHCS is submitting the following SPA documents for your review and approval:

- CMS 179 – Transmittal and Notice of Approval of State Plan Material
- Supplement 4 to Attachment 4.19 D – page 37
- Federal Budget Impact Methodology
- Standard Funding Questions
- Public Notice
- No-Tribal-Notice Approval

A notice of Public Interest was published December 6, 2021, on the DHCS webpage. CMS approved DHCS' request for no tribal notice for this SPA on July 8, 2021.

If you have any questions regarding the SPA, please contact Ms. Connie Florez, Chief of the Fee-For-Service Rates Development Division, at (916) 552-9600.

Sincerely,



Jacey Cooper
State Medicaid Director
Chief Deputy Director
Health Care Programs

Enclosures

cc: Ms. Connie Florez, Chief
Fee-For-Service Rates Development
Division
Department of Health Care Services
Connie.Florez@dhcs.ca.gov

Mr. Aaron Toyama
Senior Advisor
Health Care Programs
Department of Health Care Services
Aaron.Toyama@dhcs.ca.gov

Ms. Lindy Harrington
Deputy Director
Health Care Financing
Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Ms. Saralyn M. Ang-Olson, JD, MPP
Chief Compliance Officer
Office of Compliance
Department of Health Care Services
Saralyn.Ang-Olson@dhcs.ca.gov

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

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX

XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY _____ \$ _____

b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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

9. SUBJECT OF AMENDMENT

10. 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:

Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

December 30, 2021

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

Supplemental Payment Program for Freestanding Pediatric Subacute Facilities

This program provides a supplemental payment for eligible Freestanding Pediatric Subacute (FS/PSAs) facilities for services rendered beginning August 1, 2018. The supplemental payments will be provided in addition to the base per diem rate in effect for FS/PSA facilities, which will remain unchanged through this amendment.

Methodology

1. The supplemental payment amount is a fixed amount of \$132.92 for each Medi-Cal fee-for-service patient day furnished during each rate year.
2. The supplemental payments will be in addition to and paid concurrently with the FS/PSA per diem rate. The current reimbursement methodology used to develop the FS/PSA per diem rate, as described in page 15.4b of the State Plan Amendment 4.19-D, will remain unchanged. Thus, the total reimbursement amount will be the sum of the facility's per diem rate under the current reimbursement methodology and the supplemental payment amount.
3. The per diem rates for FS/PSA are the rates established by the Department of Health Care Services, as published on the Medi-Cal website:

<http://www.dhcs.ca.gov/services/medi-cal/Pages/AB1629/AB1629PediatricSubacute.aspx>

4. The supplemental payment amounts, as set forth in this Attachment, are inclusive of Federal Financial Participation.
5. Providers eligible for the supplemental payments under this section do not include Distinct Part Pediatric Subacute facilities, Freestanding Adult Subacute facilities, or Distinct Part Adult Subacute facilities.
6. Notwithstanding paragraph 2, effective August 1, 2021, for fiscal years when the FS/PSA facilities receive the supplemental payments described above, the supplemental payments will not be paid in addition to the FS/PSA per diem rate. The reimbursement rates for FS/PSA facilities will account for, and be inclusive of, the supplemental payments.