

DEPARTMENT OF HEALTH CARE SERVICES

NOTICE OF GENERAL PUBLIC INTEREST AND REQUEST FOR PUBLIC INPUT ON STATE PLAN AMENDMENT 21-0008, WHICH PROPOSES TO ADJUST THE MEDI-CAL FEE-FOR-SERVICE REIMBURSEMENT RATES FOR CLINICAL LABORATORY SERVICES

RELEASE DATE: DECEMBER 31, 2020

This notice serves to provide information of public interest that the Department of Health Care Services (DHCS) is seeking federal authority to adjust certain Medi-Cal Fee-For-Service (FFS) reimbursement rates for clinical laboratory services. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed State Plan Amendment (SPA) 21-0008, which is attached below.

DHCS plans to submit SPA 21-0008 to the federal Centers for Medicare & Medicaid Services (CMS) to obtain federal approval to adjust the reimbursement rates in accordance with Welfare and Institutions Code section 14105.22, which provides that reimbursement for clinical laboratory or laboratory services may not exceed the lowest of the amount billed; the charge to the public; and 80 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services. Accordingly, DHCS plans to reduce Clinical Laboratory rates, if any, exceeding 80 percent of the corresponding Medicare rate to 80 percent of the Medicare rate for the same or similar service, effective January 1, 2021. The proposed rate adjustment will be based on the most recent corresponding Medicare rates published at the time of submission.

The proposed SPA is subject to approval by CMS.

DHCS estimates that the annual aggregate Medi-Cal expenditures for affected Clinical Laboratory rates will decrease by approximately \$1 million in total funds based on the most recent available data.

Public Review and Comments

The proposed changes included in draft SPA 21-0008 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of the proposed SPA 21-0008 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/PendingStatePlanAmendments.aspx>.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA 21-

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0008 or a copy of submitted public comments related to SPA 21-0008 by requesting it in writing to the mailing or email addresses listed below. Please indicate SPA 21-0008 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Fee-for-Service Rates Development Division
P.O. Box 997413, MS 4600
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #21-0008 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than February 1, 2021. Please note that comments will continue to be accepted after February 1, 2021, but DHCS may not be able to consider those comments prior to the initial submission of SPA 21-0008 to CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

Attachment 4.19-B

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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 rates 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 Clinical Laboratory fee schedule and Medicare Physician fee schedule on January 1st, 2021 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 January 1, 2021 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/rates/RatesHome.aspx>

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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	January 1, 2021	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 Clinical Laboratory fee schedule and Medicare Physician fee schedule on January 1 st , 2021 for the same or similar services.	California Welfare and Institutions Code section 14105.22