

**DEPARTMENT OF HEALTH CARE SERVICES  
NOTICE OF GENERAL PUBLIC INTEREST  
RELEASE DATE: JUNE 2, 2021**

**PROPOSED STATE PLAN AMENDMENT REGARDING SUPPLEMENTAL  
PAYMENTS TO ELIGIBLE HOSPITALS IN THE HOSPITAL QUALITY ASSURANCE  
FEE PROGRAM UP TO THE FEDERAL UPPER PAYMENT LIMIT**

This notice provides information of public interest that the Department of Health Care Services (DHCS) proposes to submit State Plan Amendment (SPA) 21-0038. Proposed SPA 21-0038 will amend supplemental payments to eligible hospitals that meet specified requirements and provide hospital inpatient services to Medi-Cal beneficiaries for the period of July 1, 2019 through December 31, 2021 (the Program Period) as previously authorized in SPA 19-0018. Proposed SPA 21-0038 is contingent on the results of the retroactive revisions of the Upper Payment Limit (UPL). The nonfederal share of these supplemental payments is funded by California's Hospital Quality Assurance Fee (HQAF), in accordance with Section 3.5 of Article XVI of the California Constitution and the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (California Welfare and Institutions Code section 14169.50, et. seq.).

Supplemental payments provided to hospitals would be up to the aggregate UPL for the period of July 1, 2021 through December 31, 2021. The proposed SPA would allow payments to be on a lump-sum quarterly basis and would not be paid as individual increases to current reimbursement rates for specific services.

Payments to eligible California private hospitals would supplement, and not supplant, existing levels of payments. Additionally, the payments would be subject to all applicable federal payment requirements and limits.

The UPL has not yet been developed. Pending DHCS development of the UPL, the annual aggregate expenditures for inpatient services may be approximately \$1,000,000. However this amount is subject to the finalization of the UPL amount and will change.

The effective date of the proposed SPA is July 1, 2021.

All proposed SPAs are subject to approval by CMS.

**PUBLIC REVIEW AND COMMENTS**

Upon submission to CMS, copies of proposed SPA 21-0038 will be published at: [https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending\\_2021.aspx](https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending_2021.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 copies of the SPA from the mailing address or email, below.

Written comments may be sent to the following address:

Department of Health Care Services  
Safety Net Financing Division  
1500 Capitol Avenue, MS 4504  
Sacramento, California 95899-7417

Comments may also be emailed to [PublicInput@dhcs.ca.gov](mailto:PublicInput@dhcs.ca.gov). Please indicate SPA 21-0038 in the subject line or message.

For a copy of submitted public comments related to SPA 21-0038, please send a request in writing to the address or email inbox identified above.