

**DEPARTMENT OF HEALTH CARE SERVICES  
NOTICE OF GENERAL PUBLIC INTEREST  
RELEASE DATE: DECEMBER 30, 2021**

**PROPOSED STATE PLAN AMENDMENT TO ESTABLISH A REIMBURSEMENT METHODOLOGY FOR BIO-ENGINEERED SUBSTITUTE (SKIN GRAFT) PROCEDURE CODES**

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA is seeking federal authority to establish a reimbursement methodology for Bio-Engineered Substitute (Skin Graft) procedure codes, effective January 1, 2022. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed SPA #22-0010, which is attached below.

DHCS plans to submit to the federal Centers for Medicare & Medicaid Services (CMS) SPA 22-0010, which proposes to establish a reimbursement methodology for Skin Graft procedure codes in accordance with Welfare and Institutions Code section 14105.25, which requires the maximum rate of reimbursement in the Medi-Cal program to not exceed the lowest maximum corresponding Medicare rate.

Upon federal approval of the SPA, DHCS will establish a reimbursement methodology that would require an annual rate review, effective January 1, 2022, to ensure the Skin Graft rates are no more than 100% of the Medicare average sales price (ASP) rate. The effective date of the proposed SPA is January 1, 2022.

The average annual aggregate fee-for-service Medi-Cal expenditures for Skin Graft procedure codes is estimated to be \$5,500,000 in total funds and \$2,800,000 in federal funds.

**PUBLIC REVIEW AND COMMENTS**

The proposed changes included in draft SPA #22-0010 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 #22-0010 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 #22-0010 using the mailing or email addresses listed below. Please indicate SPA #22-0010 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  
Attn: Provider Rates Section  
P.O. Box 997413, MS 4600  
Sacramento, CA 95899-7417

Comments may also be emailed to [PublicInput@dhcs.ca.gov](mailto:PublicInput@dhcs.ca.gov). Please indicate SPA #22-0010 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 January 31, 2022. Please note that comments will continue to be accepted after January 31, 2022, but DHCS may not be able to consider those comments prior to the initial submission of SPA #22-0010 to CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: CALIFORNIA

REIMBURSEMENT METHODOLOGY FOR BIO-ENGINEERED SUBSTITUTE  
(SKIN GRAFT) CODES

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1. The methodology utilized by the State Agency in establishing reimbursement rates for bio-engineered substitutes (skin graft), as described in State Plan Attachment 3.1-A and 3.1-B, will be calculated by the Department of Health Care Services (DHCS) using the following methodology:
  - a. For dates of service on or after January 1, 2022, the reimbursement rates shall not exceed the lowest of the following:
    - i. the amount billed,
    - ii. the charge to the general public
    - iii. 100 percent of the corresponding lowest maximum Medicare January 1, 2022 Average Sales Price (ASP) rate for the same or similar service
  - b. The ten percent payment reduction included in paragraph (13) on page 3.3 of this Attachment, shall apply to the services described in this section.
  - c. The DHCS fee schedule rates are set as of January 1, 2022 and are effective for services provided on or after that date. All Medi-Cal Fee-For-Service rates for skin graft codes are published at:  
<https://files.medi-cal.ca.gov/rates/rateshome.aspx>