



BRADLEY P. GILBERT, MD, MPP
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

March 13, 2020

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

WITHDRAWAL OF STATE PLAN AMENDMENTS 18-0043 & 18-0044: ADDITIONAL
SUPPLEMENTAL PAYMENTS FOR HOSPITAL INPATIENT & OUTPATIENT
SERVICES

Dear Mr. Scott:

In response to the Center for Medicare and Medicaid Services' (CMS) request, the California Department of Health Care Services (DHCS) is withdrawing State Plan Amendments (SPAs) 18-0043 and 18-0044. These SPAs proposed additional supplemental reimbursement to hospitals for the provision of inpatient and outpatient services to Medi-Cal beneficiaries. DHCS originally submitted SPAs 18-0043 and 18-0044 on September 28, 2018.

The purpose of these SPAs was to allow DHCS to issue supplemental payments to hospitals up to the aggregate upper payment limit (UPL) without supplanting specified existing levels of payments. In accordance with the UPL demonstration requirements outlined in State Medicaid Director Letter (SMDL) #13-003, DHCS has determined that there is no additional UPL room for SFY 2018-19.

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We look forward to future collaborations with CMS that will continue to enhance health service delivery to those we serve. Should you have any questions or concerns, please contact Katie Brooks, Chief of Safety Net Financing Division, at (916) 345-7937 or by email at Katie.Brooks@dhcs.ca.gov.

Sincerely,

A black rectangular redaction box covering the signature of Jacey Cooper.

Jacey Cooper
Chief Deputy Director
Health Care Programs
State Medicaid Director

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

Mr. Robert Ducay
Assistant Deputy Director
Health Care Financing
Department of Health Care Services
Robert.Ducay@dhcs.ca.gov

Ms. Katie Brooks, Chief
Safety Net Financing Division
Department of Health Care Services
Katie.Brooks@dhcs.ca.gov

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 18-0043	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 August 11, 2018	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$xx.xx b. FFY 2019 \$xx.xx	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Appendix 8 to Attachment 4.19-A, Pages 4-6		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Appendix 8 to Attachment 4.19-A, Pages 4-6	
10. SUBJECT OF AMENDMENT: Supplemental Payments for Hospital Inpatient Services			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor's Office does not <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL 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	
15. DATE SUBMITTED: 9/28/2018			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	

11. "Subacute supplemental payment" means a fixed proportional supplemental payment for acute inpatient services based on a hospital's prior provision of Medi-Cal subacute services.
12. "Medicaid Inpatient Utilization Rate" means the final Medicaid utilization statistics computed for the 2015-16 state fiscal year for disproportionate share hospital payment purposes, as reflected in the state paid claims file based on calendar year 2013 data and calculated by the department as of December 17, 2016. The Department may correct any identified material and egregious errors in the data.

D. Supplemental Payment Methodology for Private Hospitals

1. Private hospitals will be paid supplemental amounts for the provision of hospital inpatient services for the program period. The supplemental amounts will be in addition to any other amounts payable to hospitals with respect to those services and will not affect any other payments to hospitals.
2. Private hospitals will be paid from the total amount of (\$xx.xx), consisting of the following subpools:

General Acute Subpool: \$xx.xx
Psychiatric Subpool: \$xx.xx
High Acuity Subpool: \$xx.xx
High Acuity Trauma Subpool: \$xx.xx
Subacute Subpool: \$xx.xx
Transplant Subpool: \$xx.xx

Each private hospital will be paid the following amounts as applicable for the provision of hospital inpatient services for each subject fiscal year:

- a. From the general acute subpool:
 - For the last two subject fiscal quarters of the subject fiscal year 2016-17, one thousand, six hundred thirty-two dollars and fifteen cents (\$1,632.15) multiplied by half of the hospital's annual general acute care days.
 - For the subject fiscal year 2017-18, one thousand, five hundred forty dollars and sixty-three cents (\$1,540.63) multiplied by the hospital's general acute care days.
 - For the subject fiscal year 2018-19, (\$xx.xx) multiplied by the hospital's general acute days.

- b. From the psychiatric subpool, for a hospital's acute psychiatric days that were paid directly by the department and were not the financial responsibility of a mental health plan:

For the last two subject fiscal quarters of the subject fiscal year 2016-17, nine hundred and seventy-five dollars (\$975.00) multiplied by half of the hospital's annual covered acute psychiatric days.

- For the subject fiscal years 2017-18 and 2018-19, nine hundred and seventy-five dollars (\$975.00) multiplied by the hospital's acute psychiatric days.
- c. From the high acuity subpool, in addition to the amount specified in Subparagraphs a and b, if a private hospital that provided Medi-Cal high acuity services during 2013 calendar year and has Medicaid inpatient utilization rate that is greater than 5 percent and less than 41.6 percent:
- For the last two subject fiscal quarter quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual high acuity days.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of the hospital's high acuity days.
- d. From the high acuity trauma subpool, in addition to the amounts specified in Subparagraphs a, b and c, if the hospital qualifies to receive the amount set forth in Paragraph c and has been designated as a Level I, Level II, Adult/Ped Level I, or Adult/Ped Level II trauma center by the Emergency Medical Services Authority established pursuant to Section 1797.1 of the Health and Safety Code, as the section read on January 1, 2017:
- For the last two subject fiscal quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual high acuity days.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of the hospital's high acuity days.
- e. From the subacute subpool, if a private hospital that provided Medi-Cal subacute services during the 2013 calendar year and has a Medicaid inpatient utilization rate that is greater than 5 percent and less than 41.6 percent:

- The subacute supplemental rate shall be 30 percent (half of 60 percent) for the two remaining subject fiscal quarters in the subject fiscal year 2016-17, 60 percent for the subject fiscal quarters in the subject fiscal year 2017-18, xx percent for the subject fiscal quarters in the subject fiscal year 2018-19 of the Medi-Cal subacute payments paid by the department to the hospital for services during the 2013 calendar year, as reflected in the state paid claims file prepared by the department on December 28, 2016.
- f. From the transplant subpool, in addition to Subparagraphs a, b, c, d, and e, a private hospital that has Medi-Cal days for Medicare Severity-Diagnosis Related Groups 1, 2, 5 to 10, inclusive, 14, 15, and 652, according to the Patient Discharge file from the Office of Statewide Health Planning and Development for the 2013 calendar year assessed on December 27, 2016:
- For the last two fiscal quarters of the subject fiscal year 2016-17, two thousand five hundred dollars (\$2,500.00) will be multiplied by half of the hospital's annual Medi-Cal days for Medicare Severity-Diagnosis Related Groups identified above.
 - For the subject fiscal years 2017-18 and 2018-19, two thousand five hundred dollars (\$2,500.00) multiplied by the number of Medi-Cal days.
- g. The amounts computed above for subject fiscal year 2016-17 are divided by two to arrive at the quarterly payment amount for the two quarters in subject fiscal year 2016-17. The amounts computed above for each subject fiscal years 2017-18 and 2018-19 are divided by four to arrive at the quarterly payment amounts for the four quarters in each of the subject fiscal years 2017-18 and 2018-19
3. In the event that payment of all of the amounts for the program period from any subpool in Paragraph 2 would cause total payments for the program period from that subpool to exceed the amount specified above for that subpool, the payment amounts for each hospital from the subpool will be reduced pro rata so that the total amount of all payments from that subpool does not exceed the subpool amount.
- 4.

the following will apply:

- a. The total amounts payable to private hospitals under Paragraph 2 for each subject service period within the fiscal year will be reduced to reflect the amounts for which federal financial participation is available pursuant to subparagraph b.

TN 18-0043

Supersedes

TN: 17-004

Approval Date: _____

Effective Date: August 11, 2018