



## **Division of Medicaid & Children's Health Operations**

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April 2, 2018

Mari Cantwell  
Chief Deputy Director, Health Care Programs  
Director's Office, MS 0000  
P.O. Box 997413  
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

In accordance with 42 CFR 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving California's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on January 19, 2018.

Specifically, the following proposal for delivery system and provider payment initiatives is approved:

- Uniform increase established by the state for designated public hospitals reimbursed through a risk-based capitated contract for the rating period covering July 1, 2017 through June 30, 2018

This approval letter does not constitute approval of any Medicaid managed care plan contracts or rate certifications for the aforementioned rating period, or any specific Medicaid financing mechanism used to support the provider payment arrangement. All other federal laws and regulations apply. This approval letter only satisfies the regulatory requirement pursuant to 42 CFR 438.6(c)(2) for written approval prior to implementation of any payment arrangement described in 42 CFR 438.6(c)(1). Approval of the corresponding Medicaid managed care plan contracts and rate certifications is still required.

We note that the state intends to revise its evaluation plan for this payment arrangement, following revision of the state's managed care quality strategy, to incorporate measures focused on outcomes. We encourage the state to consider using performance measures currently being used by the state or other existing measure sets in wide use across the Medicaid, CHIP, and Medicare programs in this evaluation to facilitate alignment and reduce administrative burden.<sup>1</sup> CMS looks forward to working with the state on further developing and refining this quality standard and is available to provide technical assistance at the state's request.

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<sup>1</sup> Examples of measure sets in wide use across Medicaid programs include the Medicaid and CHIP Child Core Set (<https://www.medicare.gov/medicaid/quality-of-care/performance-measurement/child-core-set/index.html>), the Medicaid Adult Core Set (<https://www.medicare.gov/medicaid/quality-of-care/performance-measurement/adult-core-set/index.html>), the Medicaid Health Homes Core Set (<https://www.medicare.gov/state-resourcecenter/medicaid-state-technical-assistance/health-homes-technical-assistance/health-home-quality-reporting.html>), and the Core Quality Measure Collaborative sets (<https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/qualitymeasures/core-measures.html>).

If you have questions concerning this letter, please contact John Giles, Division of Managed Care Plans at (410) 786-1255 or Carolyn Kenline at (415) 744-3591.

Sincerely,

/s/

Henrietta Sam-Louie  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: James I. Golden, PhD, DMCP  
Debbie Anderson, DMCP  
John Giles, DMCP