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State/Territory Name: CA

State Plan Amendment (SPA) #: 23-0035

his file contains the following documents in the order

- listed:
- 1) Approval Letter
 - 2) CMS 179 Form/Summary Form (with 179-like data)
 - 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

December 19, 2023

Michelle Baass
Director, California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: TN 23-0035

Dear Director Baass:

We have reviewed the proposed California State Plan Amendment (SPA) to Attachment 4.19-B, CA-23-0035, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 29, 2023. This SPA authorizes reimbursement rate increases for primary care, obstetric, and non-specialty mental health services effective for dates of service on or after January 1, 2024.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 303-844-6218 or blake.holt@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 3 5

2. STATE

CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
Title 42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 15,898,800
b. FFY 2025 \$ 21,198,400

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 29 to Attachment 4.19-B, pages 3W & 3X (new)
Supplement 39 to Attachment 4.19-B, pages 1-3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

None

9. SUBJECT OF AMENDMENT

Increase Reimbursement Rates for Specified Services, effective January 1, 2024

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME
Jacey Cooper

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
September 29, 2023

15. RETURN TO

Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED
September 29, 2023

17. DATE APPROVED
December 19, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

12/18/23: State concurs with pen and ink change to Box 7.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: California

TARGETED PROVIDER REIMBURSEMENT METHODOLOGY FOR
PRIMARY/GENERAL CARE, OBSTETRIC CARE, DOULA, AND NON-
SPECIALTY OUTPATIENT MENTAL HEALTH SERVICES

1. Notwithstanding any other provision in this Attachment, effective for dates of service on or after January 1, 2024, the reimbursement methodology in paragraph 3 applies to specified services (identified by HCPCS and CPT codes) within the below categories, as determined by the Department of Health Care Services (DHCS):
 - i. Primary/general care services
 - ii. Obstetric care services
 - iii. Non-specialty outpatient mental health services

The HCPCS and CPT codes eligible for the Targeted Provider Rates and the category assigned to each code are published on the Targeted Rate Increase Fee Schedule at: <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>.

DHCS may modify the eligible code list as necessary, such as to account for changes to coding and billing definitions, and to apply technical corrections. Such modifications will not include adjustment of established rates, without a State Plan amendment or other approval of the Centers for Medicare & Medicaid Services, as applicable.

2. Eligible Providers
 - i. Codes identified as primary/general care services pursuant to paragraph 1 and billed using Health Insurance Claim Form (CMS-1500) are eligible for the reimbursement methodology established pursuant to this Supplement only when rendered by the following types of eligible providers:
 - a. Physicians
 - b. Physician Assistants
 - c. Nurse Practitioners
 - d. Podiatrists
 - e. Certified Nurse Midwife
 - f. Licensed Midwives

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- g. Doula Providers
 - h. Psychologists
 - i. Licensed Professional Clinical Counselor
 - j. Licensed Clinical Social Worker
 - k. Marriage and Family Therapist
- ii. Codes identified as obstetric care services and non-specialty outpatient mental health services pursuant to paragraph 1 are eligible for the reimbursement methodology established pursuant to this Supplement when billed or rendered by an eligible provider.
 - iii. Notwithstanding paragraphs 2.i and 2.ii, codes for which an assistant surgeon procedure type is established on the Medi-Cal Fee Schedule as of December 31, 2023 (identified as procedure type “O”) are not eligible for the reimbursement methodology established pursuant to this Supplement when billed or rendered by an Assistant Surgeon.
3. For dates of service on or after January 1, 2024, reimbursement rates for codes identified pursuant to paragraph 1, rendered by eligible providers specified in paragraph 2, will be established pursuant to the Targeted Rate Increase Fee Schedule and adjusted as follows:
- i. 39.7% payment augmentation for specified physicians' services provided in the California Children's Services (CCS) program, pursuant to Title 22 of the California Code of Regulations § 51503(I) as that section read on December 31, 2023. Applicable procedure codes are specified on the Targeted Rate Increase Fee Schedule.
 - ii. 20% payment reduction for certain procedures performed in outpatient facilities pursuant to Title 22 of the California Code of Regulations § 51503(g)(1) and (2) as that section read on December 31, 2023. Applicable procedure codes are specified on the Targeted Rate Increase Fee Schedule.
 - iii. Reimbursement rates in accordance with this paragraph are not eligible for any further supplemental payments, rate increases, or fee schedule adjustments including, but not limited to, alternative conversion factors established on the Medi-Cal Fee Schedule, supplemental payments authorized in Attachment 4.19-B, Supplement 27, page 4, paragraph D, and payment reductions authorized in Attachment 4.19-B, pages 3.1 through 3.4.
4. Notwithstanding the reimbursement methodology described in this Supplement, for dates of service on or after January 1, 2024, eligible providers specified in

paragraph 2 will be reimbursed no less than the net reimbursement amount, inclusive of any supplemental payments, authorized pursuant to the California Medicaid State Plan in effect on December 31, 2023.

5. Except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers. All Medi-Cal Fee-For-Service rates, including the Targeted Provider Rates, are published at: <https://mcweb.apps.prd.cammiis.medi-cal.ca.gov/rates>. The Targeted Rate Increase Fee Schedule may be temporarily posted on <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx> until necessary system changes are made to display the Targeted Provide Rates on the main Medi-Cal Fee Schedule.

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Supersedes
TN: None

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