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State/Territory Name: California

State Plan Amendment (SPA) #: 19-0035

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

February 25, 2020

Jacey K. Cooper
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: State Plan Amendment (SPA) 19-0035

Dear Ms. Cooper:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number 19-0035. This amendment provides for supplemental payments for private hospital inpatient services for the service period of July 1, 2019 to June 30, 2020.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved it with an effective date of July 1, 2019. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

Kristin Fan
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 19 — 0035

2. STATE: California

3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act (Medicaid)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: July 1, 2019

5. TYPE OF PLAN MATERIAL *(Check One)*

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. Subpart C

7. FEDERAL BUDGET IMPACT
a. FFY 2019 $ ~~34,197,634.02~~ 16,427,484
b. FFY 2020 $ ~~102,592,902.07~~ 49,282,452

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ~~Supplement 6~~ to Attachment 4.19-A pages 1-2
Supplement 7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: n/a

10. SUBJECT OF AMENDMENT: Supplemental Payments for Hospital Inpatient Services

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME: Mari Cantwell

14. TITLE: State Medicaid Director

15. DATE SUBMITTED: September 19, 2019

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 19, 2019

18. DATE APPROVED: February 25, 2020

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMG

23. REMARKS

For Box 11 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.

Pen-and-ink changes to Boxes 7 and 8 made by CMS, with state concurrence.

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

One-time Supplemental Payment for Eligible Providers Subject to Subacute Payment Reductions in SPA 14-001

Effective July 1, 2019, the Department shall make a one-time supplemental payment for inpatient hospital services to Eligible Providers.

Eligible Providers

A provider shall be eligible only if the provider:

1. Participated in the Department's Hospital Quality Assurance Fee (HQAF) Program during the eligibility period;

2. Provided Medi-Cal subacute services during the 2010 calendar year and had a Medicaid inpatient utilization rate less than or equal to 5 percent and greater than or equal to 43 percent.

3. Was not a closed or converted hospital (as those terms are defined in Welfare & Institutions Code § 14169.51) at any time during the Eligibility Period; and

4. Is an enrolled Medi-Cal provider participating in the Department's HQAF Program during the Supplemental Payment Service Period. A provider will be ineligible to receive payments for any period in which they are ineligible to receive HQAF payments during the Supplemental Payment Service Period. Payments shall be made to a provider that becomes ineligible during a subject fiscal quarter by multiplying the hospital's supplemental payment by the number of days that the hospital was eligible in the subject fiscal quarter, divided by the number of days in the subject fiscal quarter.

Eligibility Period

The Eligibility Period is January 1, 2014 through June 30, 2015, inclusive.

Supplemental Payment Service Period

The Supplemental Payment Service Period is July 1, 2019 through June 30, 2020, inclusive.

Eligibility Pool

The Eligibility Pool will be an aggregate of fixed proportional supplemental payments

based on an Eligible Provider's provision of Medi-Cal inpatient subacute services during the 2010 calendar year, as reflected in the state paid claims file prepared by the department on April 26, 2013.

The Eligibility Pool amount is $111,127,915.50.

Payment Methodology

1. Eligible Providers will be paid supplemental amounts based on the provision of hospital subacute inpatient services for the program supplemental payment service period.

2. "Hospital inpatient services" means all services covered under Medi-Cal and furnished by Eligible Providers to patients who are admitted as hospital inpatients and reimbursed on a fee-for-service basis by the Department directly or through its fiscal intermediary. Hospital inpatient services includes outpatient services furnished by an Eligible Provider to a patient who is admitted within 24 hours of the provision of the outpatient services that are related to the condition for which the patient is admitted. Hospital inpatient services does not include professional services or services for which a managed health care plan is financially responsible.

3. For the subject fiscal quarters in subject fiscal year 2019-20, the subacute supplemental rate shall be 80 percent of the Medi-Cal subacute payments paid by the department to the hospital during the 2010 calendar year, as reflected in the state paid claims file prepared by the department on April 26, 2013. The amount computed will be divided by four to arrive at the quarterly payment amounts for the four quarters in subject fiscal year 2019-20.

4. The supplemental payment amounts will be in addition to any other amounts payable to Eligible Providers with respect to hospital inpatient services and will not affect any other payments to hospitals.

5. The payment amounts set forth in this Supplement are inclusive of federal financial participation.