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State/Territory Name: CA

State Plan Amendment (SPA) #: CA-24-0014

This 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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

July 16, 2024

Tyler Sadwith
State Medicaid Director
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: California State Plan Amendment Transmittal Number 24-0014

Dear State Medicaid Director Sadwith:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed California state plan amendment (SPA) to Attachment 4.19-A CA-24-0014, which was submitted to CMS on June 28, 2024. This plan amendment extends the Non-Designated Public Hospital Supplemental Fund program for the state fiscal year ending 2025, effective July 1, 2024.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), and 1923 of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 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 Mark Wong at 415-744-3561 or via email at mark.wong@cms.hhs.gov.

Sincerely,



Rory Howe
Director

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 4

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

July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 475,000
b. FFY 2025 \$ 1,425,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 2 to Attachment 4.19-A, pages 7-9

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Supplement 2 to Attachment 4.19-A, pages 7-9

9. SUBJECT OF AMENDMENT

Supplemental Reimbursement for Qualified Non-Designated Public Hospitals

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

Tyler Sadwith

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

June 28, 2024

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

June 28, 2024

17. DATE APPROVED

July 16, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, Financial Management Group

22. REMARKS

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

**SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED
PUBLIC HOSPITALS**

This segment of the State Plan describes an enhanced Medi-Cal payment for non-designated public hospitals that have a need for assistance in ensuring the availability of essential services for Medi-Cal beneficiaries, and that meet the requirements in Sections A and B below.

The Non-Designated Public Hospital (NDPH) Supplemental Fund program (Fund) was established under a Social Security Act (SSA) section 1915(b) waiver (and starting in 2005 under a SSA section 1115(a) Medicaid Demonstration) granting the Department of Health Care Services (DHCS) authority to make NDPH supplemental payments to hospitals participating in the Medi-Cal Selective Provider Contracting Program (SPCP). The SPCP for the NDPHs ended on December 31, 2013. This section of Attachment 4.19-A is written to continue DHCS' federal authority to provide supplemental reimbursement payments to NDPHs participating in the NDPH Supplemental Fund Program.

The effective date of this SPA is July 1, 2024.

A. DEFINITION OF A NON-DESIGNATED PUBLIC HOSPITAL

A non-designated public hospital is defined as a facility that is a public hospital defined in paragraph (25), of subdivision (a) of section 14105.98 of the Welfare & Institutions Code, as the law was in effect on July 1, 2024, excluding designated public hospitals as defined in subdivision (d) of section 14166.1 of the Welfare & Institutions Code.

B. DEFINITION OF AN ELIGIBLE NON-DESIGNATED PUBLIC HOSPITAL

An eligible hospital is a NDPH that is Medi-Cal certified, had its SPCP contract inactivated on January 1, 2014, and that meets the criteria in paragraph (1) below:

1. The hospital meets all of the following criteria:
 - a. The hospital meets the criteria contained in the Medicaid State Plan for Disproportionate Share Hospital (DSH) status.
 - b. The hospital is one of the following:

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

**SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED
PUBLIC HOSPITALS**

- i. A licensed provider of basic emergency services as described in section 70411 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2024.
- ii. A licensed provider of comprehensive emergency medical services as defined in section 70451 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2024.
- iii. The hospital is a licensed provider of standby emergency services as described in section 70649 of title 22 of the California Code of Regulations, as the regulation was in effect on July 1, 2024, and the hospital is a small and rural hospital as defined in section 124840 of the Health and Safety Code, as the law was in effect on July 1, 2024.

C. PAYMENT METHODOLOGY FOR ELIGIBLE NON-DESIGNATED PUBLIC HOSPITALS:

1. Supplemental reimbursement provided by this program will be distributed under a payment methodology based on hospital services provided to Medi-Cal patients at the eligible hospital. The payment methodology for State Fiscal Year (SFY) 2024-25 will be as described below; payment methodology for subsequent years will be submitted by DHCS via a revised State Plan Amendment:
 - a. DHCS shall identify DSH eligible hospitals for the applicable fiscal year from the Final DSH Eligibility List adopted by DHCS.
 - b. The aggregate supplemental payment amount of \$3,800,000, will be paid to hospitals on April 1, 2025 for SFY 2024-25 or as soon thereafter as practicable but no later than the end of the respective state fiscal year, as follows:
 - i. If the hospital is eligible to participate in the SFY 2024-25 supplemental program and also participated in the SFY 2023-24 supplemental program, the funding that the hospital

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

**SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED
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received in SFY 2023-24 will be its amount for the SFY 2024-25 program.

- ii. If the hospital is eligible to participate in the SFY 2024-25 program, but did not participate in the SFY 2023-24 program, then its amount will be the payment it received in the most recent year in which it participated.
- iii. For any hospital eligible to participate in the SFY 2024-25 program that has not previously been eligible to participate in NDPH supplemental payment distributions, an amount of \$50,000 will be paid to the hospital for services rendered in SFY 2024-25.
- iv. If the fund balance is lower than the amount needed to pay after paragraph C.1.b.i., ii., and iii is determined, then a pro rata reduction will be applied to all SFY 2024-25 eligible hospitals. If the fund balance is higher than the amounts in paragraph C.1.b.i., ii., and iii, then DHCS will pro-rate any remaining funds to the SFY 2024-25 eligible hospitals.

D. DEPARTMENT'S RESPONSIBILITIES

1. Aggregate Medi-Cal reimbursement provided to non-designated public hospitals will not exceed applicable federal upper payment limits, including title 42 Code of Federal Regulations sections 447.271 and 447.272.