



Department of Health Care Services  
**MEMORANDUM**

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**DATE:** May 16, 2011

**TO:** Tribal Chairpersons, California Indian Health Programs and Urban Indian Organizations

**FROM:** Sandra "Sam" Willburn, Chief, Primary and Rural Health Division 

**SUBJECT:** Notice of Proposed Change to the Medi-Cal Program

The purpose of this memo is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment, waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

**SPA 11-009 – 10% Outpatient Provider Rates Reduction Summary:** SPA 11-009 will amend the State Plan to implement Assembly Bill (AB) 97, Chapter 3, Statutes of 2011, Section 93.5. In part, AB 97 Section 93.5 will reduce Medi-Cal payment for outpatient services, which include, but are not limited to, physicians, clinics, hospital outpatient departments, optometrists, therapists, laboratories, dental, durable medical equipment, and services provided by the California Children's Services Program. DHCS will implement the payment reductions to outpatient services up to 10 percent, in total, for dates of service on or after June 1, 2011. The reductions will be implemented only to the extent that DHCS determines that the reduced payments that result from the reductions comply with applicable federal Medicaid requirements. Please see the attached summary of the SPA for a detailed description and contact information for questions or comments.

**QUESTIONS AND COMMENTS:**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this waiver renewal request within 30 days from the receipt of this letter. Comments may be sent by e-mail to [Kathryn.Waje@dhcs.ca.gov](mailto:Kathryn.Waje@dhcs.ca.gov) or by mail to:

Administrative Support Unit  
Utilization Management Division  
1501 Capitol Avenue, MS 4506  
Sacramento, CA 95814  
Attention: Kathryn Waje

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In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may also request a consultation on this proposal at any time as needed.

Enclosure

**Department of Health Care Services  
Benefits, Waiver Analysis, and Rates Division  
State Plan Amendment 11-009**

**Background:**

As enacted on March 24, 2011, by Assembly Bill (AB) 97, Chapter 3, Section 93.5 of Statutes of 2011, the Department of Health Care Services (DHCS) will implement the payment reductions as authorized by Welfare and Institutions Code section 14105.192 to reduce payments for Medi-Cal outpatient services (as described below) up to 10 percent, in the aggregate, for dates of service on or after June 1, 2011. The reductions will be implemented only to the extent that DHCS determines that the reduced payments that result from the reductions comply with applicable federal Medicaid requirements.

**Description of SPA:**

DHCS is required to submit State Plan Amendments (SPAs) to the Centers for Medicare and Medicaid Services (CMS) to obtain federal approval. At this time, DHCS has not formally submitted SPA 11-009 to implement the reductions authorized by Section 14105.192. DHCS has until June 30, 2011, to submit SPA 11-009 with an effective date of June 1, 2011.

SPA 11-009 will incorporate the Medi-Cal payment reductions enacted in AB 97 for outpatient services, which include, but are not limited to, physicians, clinics, hospital outpatient departments, optometrists, therapists, laboratories, dental, durable medical equipment, and services provided by the California Children's Services Program.

**Impact on Indian Health Programs or Urban Indian Organizations:**

• **Impact on Indian Health Programs**

This SPA does not affect Indian Health programs that participate in the Federal Indian Health Services Memorandum of Agreement (IHS/MOA) for purposes of Medi-Cal reimbursement, because these programs are entirely federally funded. Additionally, Federally Qualified Health Center services, including those facilities deemed to have federally qualified health center status are exempt from the payment reduction.

• **Impact to Indian Medi-Cal Beneficiaries**

This SPA does not affect beneficiaries who receive outpatient services from clinics participating in the IHS/MOA. However, Indian Medi-Cal beneficiaries will be impacted by this SPA to the same extent as other Medi-Cal beneficiaries who receive outpatient services in other than IHS/MOA clinics.

**Response Date:**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning these SPAs within 30 days from the receipt of this notice. Comments may be sent by mail to the address below:

**Contact Information:**

Department of Health Care Services  
Benefits, Waiver Analysis and Rates Division  
1501 Capitol Ave. Suite 71.3002  
MS 4506  
P.O. Box 997417  
Sacramento, CA 95899-7417  
Attn: Kathyryn Waje