State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

JUL 28 2011

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Centers for Medicare & Medicaid Services
Division of Medicaid & Children's Health Operations
90 7th Street, Suite 5-300 (5W)
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STATE PLAN AMENDMENT 11-013

Dear Dr. Nagle:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 11-013, as mandated by California Welfare and Institutions (W&I) Code Section 14131.07, enacted on March 24, 2011.

The legislation requires DHCS to limit the total number of physician office and clinic visits for physician services provided by a licensed physician, or other medical professional under the direction of a licensed physician, that are covered benefits under the Medi-Cal program, to seven visits per beneficiary, per fiscal year. For purposes of this limit, a visit shall include physician services provided at any:

- Federally qualified health center (FQHC);
- Rural health clinic (RHC);
- Community clinic;
- Outpatient clinic; and,
- Hospital outpatient department.

For visits in excess of the seven visit limit, a physician, or other medical professional under the supervision of a physician, must attest in a written declaration that the services meet one or more of the following conditions:

- Prevent deterioration in a beneficiary's condition that would otherwise foreseeably result in admission to the emergency department.
- Prevent deterioration in a beneficiary's condition that would otherwise result in an inpatient admission.

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- Prevent disruption in ongoing medical and/or surgical therapy, including, but not limited to, medications, radiation, or wound management.
- Constitute diagnostic workup in progress that would otherwise foreseeably result in inpatient or emergency department admission.
- Are for the purpose of assessment and form completion for Medi-Cal recipients seeking or receiving in-home supportive services.

The following are exempt from the seven visit limit:

- Specialty mental health services provided via the 1915(b) waiver for these services.
- Pregnancy-related visits and visits for the treatment of other conditions that might complicate the pregnancy.
- Beneficiaries under the Early and Periodic Screening Diagnosis and Treatment Program.
- Beneficiaries receiving long-term care in a licensed skilled nursing facility or intermediate care facility (NF-A and NF-B).
- Beneficiaries receiving long-term care in a licensed intermediate care facility for the developmentally disabled (ICF/DD), including an ICF/DD Habilitative and ICF/DD Nursing.
- Beneficiaries in the Program for All-Inclusive Care for the Elderly (PACE).
- Beneficiaries receiving contracted managed care with Senior Care Action Network (SCAN) and AIDS Healthcare Foundation.

DHCS calculated the Federal Budget Impact of $41,041,000, as indicated in block 7 of form HCFA-179, as follows:

- Prepared a data run to identify past reimbursement totals paid out for all physician office visits during the state fiscal year 2008-09;
- Removed reimbursements that exceeded a cap of seven per fiscal year per beneficiary;
- Estimated the total savings by assuming the cap would result in a 15 percent reduction of visits beyond the cap; and,
- Multiplied the total savings by an FMAP value of 50 percent to determine the Federal Budget Impact.

DHCS is submitting the following revised or added SPA pages to implement the W&I Code Section 14131.07:

- Revised Limitations on Attachment 3.1-A Page 2 – added reference under service type "2a Hospital outpatient department services and community hospital outpatient clinic."
- Revised Limitations on Attachment 3.1-B Page 2 – added reference under service type "2a Hospital outpatient department services and community hospital outpatient clinic."
- Revised Limitations on Attachment 3.1-A Page 3 – added reference under service type "2b Rural Health Clinic (RHC) services."
- Revised Limitations on Attachment 3.1-B Page 3 – added reference under service type "2b Rural Health Clinic (RHC) services."
- Revised Limitations on Attachment 3.1-A Page 3A – changed numbering to bullet points.
- Revised Limitations on Attachment 3.1-B Page 3A – changed numbering to bullet points.
- Revised Limitations on Attachment 3.1-A Page 3C – added reference under service type "2c and 2d Federally Qualified Health Center (FQHC) services."
- Revised Limitations on Attachment 3.1-B Page 3C – added reference under service type "2c and 2d Federally Qualified Health Center (FQHC) services."
- Revised Limitations on Attachment 3.1-A Page 3D – changed numbering to bullet points.
- Revised Limitations on Attachment 3.1-B Page 3D – changed numbering to bullet points.
- Revised Limitations on Attachment 3.1-A Page 10a – added content under service type "5a Physician's Services continued."
- Revised Limitations on Attachment 3.1-B Page 10a - added content under service type "5a Physician's Services continued."
- Added Limitations on Attachment 3.1-A Page 10a.1 – moved content from page 10a Limitations on Attachment 3.1-A.
- Added Limitations on Attachment 3.1-B Page 10a.1 – moved contact from page 10a Limitations on Attachment 3.1-B.
- Revised Attachment 4.19-B Page 6B – changed content under letter C1(a) to reference location in the State Plan where FQHC and RHC services are detailed.
- Revised Attachment 4.19-B Page 6B.1 – changed content under letter C1(b) to reference location in the State Plan where covered FQHC and RHC services are detailed.

On May 16, 2011, DHCS notified Indian Health Programs and Urban Indian Organizations of SPA 11-013 in compliance with the American Recovery and Reinvestment Act of 2009 (ARRA). In addition, DHCS held a webinar on May 31, 2011, for Tribal Chairpersons, Indian Health Programs, and Urban Indian Organizations. DHCS revised the notification and send it to Indian Health Programs and Urban

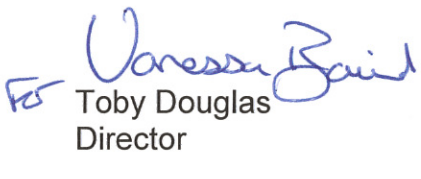
Indian Organizations on June 22, 2011, providing an additional 30-days for comments and questions to be submitted to DHCS. DHCS will be sending the comments received and its responses under separate cover.

On July 26, 2011, DHCS requested the California Office of Administrative Law (OAL) to publish a public notice regarding potential rate changes for FQHCs and RHCs related to this SPA. OAL will publish the public notice on August 5, 2011.

In an effort to expedite the review process, also enclosed are answers to five standard funding questions requested by the Centers for Medicare & Medicaid Services on previous State Plan Amendments.

If you have any questions regarding the information provided, please contact Ms. Vickie Orlich, Chief, Medi-Cal Benefits and Waiver Analysis Division, at (916) 552-9400.

Sincerely,



For Toby Douglas
Director

Enclosures

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cc: Continued on next page.

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