



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



EDMUND G. BROWN JR.
GOVERNOR

September 30, 2014

Ms. Hye Sun Lee
Acting Associate Regional Administrator
Division of Medicaid and Children's Health
Centers for Medicare and Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

RE: California State Plan Amendment (SPA) 14-009

Dear Ms. Lee,

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) for the Non-Designated Public Hospital Supplemental Fund Program (NDPHSF).

DHCS needs Federal authority to continue making payments to hospitals that participate in the NDPHSF program. Since the program's inception, the authority to make NDPHSF payments has been tied to the Selective Provider Contracting Program (SPCP). The SPCP for NDPHS ended December 31, 2013.

The NDPHSF program provides crucial reimbursement payments to three participating hospitals. These non-designated public hospitals serve a disproportionate share of Medi-Cal beneficiaries in their community, while maintaining basic emergency room services. The participating hospitals depend on the NDPHSF reimbursements to assist in the continuation of access to Medi-Cal beneficiaries.

Please contact Mr. John Mendoza, Chief of Safety Net Financing Division, at (916) 552-9130 or by e-mail at John.Mendoza@dhcs.ca.gov if you have any questions.

ORIGINAL SIGNED

Ms. Hye Sun Lee
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Enclosures

cc: John Mendoza, Chief
Safety Net Financing Division
Department of Health Care Services
1501 Capitol Avenue, MS 4504
PO Box # 997436
Sacramento, CA 95899

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
14-009

2. STATE
California

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2014

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 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2015 \$1,900,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement 2 to Attachment 4.19A, pages 7-9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
None

10. SUBJECT OF AMENDMENT:

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

14. TITLE:
Director

15. DATE SUBMITTED: **9/29/14**

16. RETURN TO:

**Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. 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 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 SPA effective date is July 1, 2014.

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, 2014, 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 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:

TN No. 14-009
Supersedes:
TN No. NONE

Approval Date _____ Effective Date: July 1, 2014

**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, 2014.
- 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, 2014.
- 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, 2014, 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, 2014.

**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) 2014-15 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, 2015 or soon thereafter as practicable, as follows:
 - i. If the hospital is eligible to participate in the SFY 2014-15 supplemental program and also participated in the SFY 2013-14 supplemental program, the funding that hospital received in SFY 2013-14 will be its amount for the SFY 2014-15 program.

TN No. 14-009
Supersedes:
TN No. NONE

Approval Date _____ Effective Date: July 1, 2014

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

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

- ii. If the hospital is eligible to participate in the SFY 2014-15 program, but did not participate in the SFY 2013-14 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 2014-15 that have 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 2014-15.
- 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 2014-15 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 2014-15 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 determined under title 42 Code of Federal Regulations part 447.272.

TN No. 14-009
Supersedes:
TN No. NONE

Approval Date _____ Effective Date: July 1, 2014

STATE OF CALIFORNIA - OFFICE OF ADMINISTRATIVE LAW
NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD 409 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER	EMERGENCY NUMBER
	Z-2014-0529-000	111134	

For use by Office of Administrative Law (OAL) only

<p>RECEIVED FOR FILING PUBLICATION DATE</p> <p>MAY 29 '14 JUN 13 '14</p> <p>Office of Administrative Law</p> <p>NOTICE</p>	<p>REGULATIONS</p>
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AGENCY WITH RULEMAKING AUTHORITY
 Department of Health Care Services

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Supplemental Payments to Hospitals	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE June 13, 2013
3. NOTICE TYPE Notice re Proposed Regulatory Action <input checked="" type="checkbox"/> Other	4. AGENCY CONTACT PERSON John Mendoza	TELEPHONE NUMBER 916-552-9130	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S)	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLES AND SECTIONS (including title 26, if title related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.) TITLE(S)	ADOPT AMEND REPEAL

3. TYPE OF FILING

<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn non-emergency filing (Gov. Code §511349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Other (Specify)		

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs., title 1, §100 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§11343.4, 11346.1(f); Cal. Code Regs., title 1, §100)

<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(b))	<input type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> 9100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (specify)
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6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM 50600)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input type="checkbox"/> Other (Specify)		

7. CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional)
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE	DATE
	5/28/14
TYPED NAME AND TITLE OF SIGNATORY John Mendoza, Division Chief Safety Net Financing Division	

For use by Office of Administrative Law (OAL) only

DEPARTMENT OF HEALTH CARE SERVICES

NOTICE OF GENERAL PUBLIC INTEREST

THE DEPARTMENT OF HEALTH CARE SERVICES MAY EXTEND SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED PUBLIC HOSPITALS

This notice is to provide information of public interest with respect to the proposed State Plan Amendment (SPA) 14-009 for supplemental reimbursement to specified non-designated public hospitals meeting requirements that provide services to Medi-Cal beneficiaries. The effective date for SPA 14-009 is July 1, 2014.

The Department of Health Care Services had federal authority, through the Medi-Cal Hospital Uninsured Care 1115 Demonstration Waiver, Selective Provider Contracting Program (SPCP) contract, to make supplemental reimbursement for non-designated public hospitals meeting specified requirements and provide services to Medi-Cal beneficiaries. The SPCP contract ended December 31, 2013; therefore the department is preparing SPA 14-009 to seek the continuation of federal authority to make supplemental reimbursement to non-designated public hospitals meeting specific criteria.

The proposed SPA is subject to approval by the Federal Centers for Medicare & Medicaid Services.

Any written comments concerning the proposed SPA may be mailed to Pamela Tello, Chief, Medi-Cal Supplemental Payments Unit, Department of Health Care Services, Safety Net Financing Division, MS 4504, P.O. Box 997436, Sacramento, CA 95899-7436 or emailed to Pamela.Tello@dhcs.ca.gov.

SPA Impact Form

State/Title/Plan Number:

CA/Supplemental Reimbursement for Non-designated Public Hospital Supplemental Fund Program/SPA#14-009

Federal Fiscal Impact:

FY 2015 \$ 1,900,000

Number of People Affected by Enhanced Coverage, Benefits or Retained Eligibility: 0

Number of Potential Newly Eligible People: 0

or

Eligibility Simplification: Yes/No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: Yes/No

Provider Payment Increase: Yes/No

Delivery System Innovation: Yes/No

(Examples: adding new provider types to provide a covered service, managed care delivery systems or other similar type plans.)

Comments/Remarks:

The Non-designated Public Hospital Supplemental Fund Program (NDPHSF) was established under Social Security Act (SSA) Section 1915 (b) waiver (and starting in 2005 under a SSA Section 1115(a) Medicaid Demonstration) granting the Department its authority to make NDPHSF supplemental payments to hospitals participating in the Medi-Cal Selective Provider Contracting Program (SPCP), which ended on December 31, 2013 upon the implementation of the Diagnosis Related Group (DRG) reimbursement methodology for non-designated public hospitals (NDPHs). The Department of Health Care Services needs federal authority to continue to make payments to NDPHS participating in the NDPHSF program absent the SPCP.

DHCS Contact:

Genaro Rodriguez

Genaro.Rodriguez@dhcs.ca.gov, 916-319-9218

Date:

September 22, 2014