



JENNIFER KENT
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 2, 2017

Ms. Henrietta Sam-Louie
Associate Regional Administrator
Division of Medicaid and Children's Health Operations
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

STATE PLAN AMENDMENT 17-014: MEDI-CAL REIMBURSEMENT RATES FOR
RADIOLOGY SERVICES.

Dear Ms. Sam-Louie:

The California Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) 17-014 documents for your review and approval. SPA 17-014 seeks continuation of federal authority to adjust Medi-Cal Fee-For-Service (FFS) outpatient provider rates for Radiology Services. In February 2017, the Centers for Medicare & Medicaid (CMS) requested that DHCS withdraw the previously submitted SPA 16-046 and resubmit the SPA (now SPA 17-014) with the required access study.

Senate Bill (SB) 853 (Chapter 717, Statutes of 2010) added Welfare and Institutions (W&I) Code Section 14105.08, which requires DHCS to adjust Medi-Cal FFS reimbursement rates for Radiology Services so they do not exceed 80 percent of the corresponding Medicare rate. This SPA clarifies that Medi-Cal rates will continue to be annually adjusted, effective April 1, 2017, and the first day of each calendar year thereafter, so they do not exceed 80 percent of the applicable Medicare payment levels, as currently described on page 3K of 4.19-B of the State Plan.

The following SPA documents are enclosed for your review and approval:

- HCFA 179 - Transmittal and Notice Approval of State Plan Material
- Page 3K of Attachment 4.19-B (Clean)
- Page 3K of Attachment 4.19-B (Redlined)
- Radiology Services Access Study

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A Notice of Public Interest and Request for Public Input for the continuation of radiology rate reimbursements, was published on March 1, 2017, on the DHCS webpage. On March 2, 2017, CMS informed DHCS that a tribal notice is not required for this SPA.

If you have any questions or need additional information, please contact Ms. Connie Florez, Chief, Fee-For-Service Rates Development Division, at (916) 552-9600.

Original Signed

Chief Deputy Director
Health Care Programs
State Medicaid Director

Enclosures

cc: Ms. Connie Florez, Chief
Fee-For-Service Rates Development Division
1501 Capitol Avenue, MS 4600
Sacramento, CA 95814

Ms. Cheryl Young
Division of Medicaid & Children's Health Operations
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

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|---|---|------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | 1. TRANSMITTAL NUMBER: 17-014 | 2. STATE California |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| FOR: HEALTH CARE FINANCING ADMINISTRATION | 4. PROPOSED EFFECTIVE DATE April 1, 2017 | |
| TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES | | |

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)

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|--|--|
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447, Subpart F | 7. FEDERAL BUDGET IMPACT: a. FFY 2017 \$ 142,000. b. FFY 2018 \$ 284,000. |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B page 3K | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B page 3K |

10. SUBJECT OF AMENDMENT:

Medi-Cal reimbursement rates for Radiology Services.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor's Office does not
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL wish to review the State Plan Amendment.

ORIGINAL SIGNED

16. RETURN TO:

Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.3.26
P.O. Box 997417
Sacramento, CA 95899-7417

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED:

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

REIMBURSEMENT METHODOLOGY FOR RADIOLOGY SERVICES

- 1) Except as otherwise noted in the State Plan, state-developed fee schedules are the same for both governmental and private providers of radiological services. The department's fee schedule rates were set as of October 1, 2012 and are effective for services provided on or after that date. All Medi-Cal Fee for Service rates are published at:
<http://files.medi-cal.ca.gov/pubsdoco/rates/rateshome.asp>.

- 2) Effective April 1, 2017, and the first day of each calendar year thereafter, the department's fee schedule rates will be annually adjusted so they do not exceed 80 percent of the applicable Medicare payment levels. All Medi-Cal Fee for Service rates are published annually at:
<http://files.medi-cal.ca.gov/pubsdoco/rates/rateshome.asp>

California State Plan Amendment 17-014

Radiology Services Access Study

The Department of Health Care Services (Department) is seeking the continuation of federal authority to annually adjust Medi-Cal Fee-For-Service (FFS) reimbursement rates for Radiology Services.

Currently, Medi-Cal FFS reimbursement for Radiology Services is adjusted annually to ensure that the reimbursement rates paid to providers do not exceed 80 percent of the corresponding Medicare rate, as required by Senate Bill (SB) 853 (Chapter 717, Statutes of 2010). SB 853 added Welfare and Institutions (W&I) Code Section 14105.08, which requires the Department to reduce Medi-Cal reimbursement rates for Radiology Services so that they do not exceed 80 percent of the corresponding Medicare rate. Radiology Services may be described as the diagnosis, treatment, and intervention using medical imaging techniques.

The Department is submitting to the federal Centers for Medicare & Medicaid (CMS) State Plan Amendment (SPA) 17-014. This SPA proposes, effective April 1, 2017, to continue the current Medi-Cal FFS reimbursement methodology for Radiology Services, while clarifying that the reimbursement rates will continue to be annually adjusted. Therefore, Medi-Cal rates that exceed 80 percent of the current Medicare rate will be reduced to a level in accordance with W&I Code Section 14105.08. As a result of the adjustment, the Department estimates that the aggregate Medi-Cal reimbursements for affected Radiology Services will decrease by approximately \$568,000 total funds. The impact of annual adjustments are expected to decrease each year as reimbursement rates are set at levels in accordance with W&I Code Section 14105.08. Proposed SPA 17-014 will amend the provisions on page 3k of Section 4.19-B of the California State Plan.

In preparation for submitting the SPA, the Department posted a Notice of General Interest and Request for Public Input on the Department's website on March 1, 2017, seeking stakeholder input on the proposed SPA 17-014. To date, the Department has not received any public input concerning the impact, if any, of the proposed SPA on continued access to Radiology Services. This would suggest that the reimbursement rates are sufficient to maintain access and that providers do not anticipate that the annual rate adjustment will detrimentally affect their ability to provide Radiology Services.

The Department will continue to communicate with Radiology providers and beneficiaries to evaluate any access issues that may arise during the year. Additionally, the Department provides ongoing mechanisms for public input via hotlines, the Office of the Ombudsman, and through a dedicated email address posted on the Department's website. The Department will respond to public input with appropriate investigation and analysis. The Department will maintain a record of any public input and the Department's response to such public input on its website.

The Department has begun to develop the measures and baseline data for the annual assessment that will be conducted, including a comparison of FFS rates to Medicare (see attached Comparison of FFS Radiology Rates document). The baseline data will include an assessment of historical trends related to the number of FFS Radiology providers and FFS claims data for Radiology Services. The Department will conduct annual assessments and provide the report to CMS for three years following the effective date of the SPA.

The Department will submit a corrective action plan to CMS within 90 days, if any potential access deficiencies are identified through data analysis, and are determined through further investigation to represent valid access issues. The corrective action plan will include a description of the remedies and a timeline of the steps to be taken within 12 months of identifying a potential access issue. Remediation efforts may include: improving outreach to providers; reducing barriers to provider enrollment; providing additional transportation to services; improving care coordination; and modifying payment rates. Resulting improvements will be designed to be measurable and sustainable.