

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER for Medicaid and CHIP Services

Toby Douglas, Director
California Department of Health Care Services
1501 Capitol Avenue, MS 0000
P.O. Box 997413
Sacramento, CA 95899-7413

September 26, 2013

Dear Mr. Douglas:

On September 20, 2013, DHCS submitted to CMS a revised request for a Superior Systems Waiver (SSW) comprehensive renewal, from October 1, 2013 to September 30, 2015. This comprehensive waiver has been approved, and is effective October 1, 2013.

The comprehensive SSW describes how utilization review will function within a Diagnosis Related Group (DRG) payment methodology. The DRG payment methodology went into effect for private hospitals on July 1, 2013, and will go into effect for Non-Designated Public Hospital (NDPH) on January 1, 2014. Private hospitals will continue to submit Treatment Authorization Request (TAR) for inpatient admission days only. Coinciding with the implementation of the DRG payment methodology, on January 1, 2014 NDPHs will begin to transition from acute admission day TARs to evidence-based standardized medical review criteria, such as InterQual or Milliman, to determine medical necessity for hospital admissions. This transition from acute admission day TARs to evidence-based standardized medical review criteria.

The State will submit a two-year SSW request to be effective from October 1, 2015 through September 30, 2017. This waiver will describe strategies to transition private hospitals from submitting admission TARs to using evidence-based standardized medical utilization review criteria.

CMS appreciates DHCS' collaboration on this matter. We look forward to continuing our work on the SSW, the DRG transition and the Public Hospital Project.

If you have any questions or need additional information, please contact Tyler Sadwith at (415) 744-3563, or Tom Schenck respectively at (415) 744-3589.

Sincerely

ORIGINAL DOCUMENT SIGNED BY:

Gloria Nagle, PhD, MPA
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Doug Robins, DHCS, Utilization Management Division
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