

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

1. TRANSMITTAL NUMBER:
10-025

2. STATE
CALIFORNIA

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

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

TO: REGION IX ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DIVISION OF MEDICAID AND CHILDRENS' HEALTH

4. PROPOSED EFFECTIVE DATE
October 1, 2010

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, 440.167

7. FEDERAL BUDGET IMPACT:
a. FFY To be determined \$
b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pgs 28, 28a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, Page 28

10. SUBJECT OF AMENDMENT:

Cost Reimbursement for Sales Tax Liability for Personal Care Services Providers

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.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

for 13. TYPED NAME:
Toby Douglas

14. TITLE:
Chief Deputy Director

15. DATE SUBMITTED: **DEC 30 2010**

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**

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



DEC 3 0 2010

Ms. Gloria Nagle
Associate Regional Administrator
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health
90 7th Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Ms. Nagle:

STATE PLAN AMENDMENT 10-025

The Department of Health Care Services is submitting the enclosed State Plan Amendment (SPA) 10-025 to describe a supplemental payment to be made to personal care services providers.

This SPA is prompted by recent chaptered legislation: Assembly Bill (AB) 1612 (Chapter 725, Statutes of 2010) added Article 4 (commencing with Section 6150) to the Revenue and Taxation Code to extend the existing state sales tax to gross receipts received by certain providers from the "sale" of supportive services. In Home Supportive Services providers are covered by this provision. The supplemental payments are described in Section 12306.6 of the Welfare and Institutions Code, also added by AB 1612.

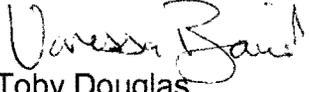
The supplemental payments will be based on the sales tax liability of the providers, and, where applicable, on other related tax increases resulting from the supplemental payments.

Enclosed is SPA page 28 of Attachment 4.19-B. Subsection (3) describes this cost reimbursement process.

If you have any questions, please contact Paul Miller, Chief, Long-Term Care Division, at (916) 440-7534.

Ms. Gloria Nagle
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Sincerely,


For Toby Douglas
Chief Deputy Director
Health Care Programs

Enclosures

State Plan Under Title XIX of the Social Security Act

STATE/TERRITORY: CALIFORNIA

D. PAYMENTS AND UNITS OF SERVICE

- 1) Reimbursement for services will be made only to providers authorized by the California Department of Social Services to provide Personal Care Services to beneficiaries. The rates will be based upon a time-based unit of service. The time-based unit of service is per minute based on 60 minutes per hour.
- 2) The methodology for determining the beneficiary's service budget is based on the assessment of needs for the beneficiary and the development of the service plan. The cost of providing the services included in the service plan is calculated based on the expected reimbursement for such services under the state plan and is adjusted to account for the self-directed services delivery model served in the Sec. 1915 [42 U.S.C. 1396n] (j) program.

In cases where the beneficiary chooses not to have the assessed Personal care Services of meal preparation, meal cleanup and/or shopping for food services provided in-home, the beneficiary can choose to have their service budget reduced by the amount calculated based on hours allocated for these services and reimbursement of \$15.50 per week per person or \$31 per week per couple is provided for meal preparation, meal cleanup and/or shopping for food related activities in the Sec. 1915 [42 U.S.C. 1396n] (j) program.

- (3) Cost Reimbursement of Sales Tax Liability

Chapter 725, Statutes of 2010 added Article 4 (commencing with Section 6150) to the Revenue and Taxation Code to extend the existing state sales tax to gross receipts received by certain providers from the sale of supportive services. IHSS providers are covered by this provision. The State shall determine the Medicaid allowable portion of the sales tax liability as follows:

- (i) For Individual Providers
 - (a) The State shall use the data contained on the form filed to the Board of Equalization on behalf of the Independent Provider and additional information as needed from the payroll system operated by the Department of Social Services.

State Plan Under Title XIX of the Social Security Act
STATE/TERRITORY: CALIFORNIA

- (b) The State shall:
 - (1) Determine the Medicaid portion of the provider's gross receipts;
 - (2) Multiply this amount of revenue by the current sales tax rate as contained in Article 1 of Chapter 2, Part 1, Division 2 of the Revenue and Taxation Code (commencing with Section 6051) plus the rate imposed by Section 35 of Article XIII of the California Constitution.
 - (c) The State shall determine the amount of Medicare, Social Security, and federal income tax attributable to the amount calculated in (b).
 - (d) The sum from (b) and (c) shall be paid to the independent provider as a supplemental payment.
- (ii) For County Staff, County-Contracted and other Nongovernmentally-Employed Providers who are eligible for the Supplemental Payment
- (a) The County or Employer shall:
 - (1) Submit a copy of the sales tax report provided to the Board of Equalization to the State.
 - (2) Provide the following breakdown of the sources of revenue:
 - i. Medicaid
 - ii. Private Pay
 - iii. Long Term Care Insurance
 - iv. Commercial Insurance
 - v. Other
 - (b) Upon receipt of the document, the State shall:
 - (1) Determine the amount of Medicaid revenue that was subject to the sales tax.
 - (2) Multiply this amount of revenue by the current sales tax rate as contained in Article 1 of Chapter 2, Part 1, Division 2 of the Revenue and Taxation Code (commencing with Section 6051) plus the rate imposed by Section 35 of Article XIII of the California Constitution.
 - (c) The amount calculated in (b) shall be paid to the County or Employer, as applicable, as a supplemental payment.

Chapter 725, Statutes of 2010, provides that the above is to be effective beginning on the date for which the Centers for Medicare and Medicaid Services approves implementation of this State Plan Amendment, but not earlier than July 1, 2010. Implementation effective July 1, 2010 is requested.