

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

1. TRANSMITTAL NUMBER:
12-001

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
January 6, 2012

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:

7. FEDERAL BUDGET IMPACT:

a. FFY 11-12 \$4,938,389
b. FFY 12-13 \$3,119,388

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Supplement 16 to Attachment 4.19-B Pages 1-4

N/A

10. SUBJECT OF AMENDMENT:

Reimbursement for Emergency Air Medical Transportation Services

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:



13. TYPED NAME:

Toby Douglas

14. TITLE:

Director

15. DATE SUBMITTED:

2/15/12

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:



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

FEB 15 2012

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children's Health Operations
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

STATE PLAN AMENDMENT 12-001: REIMBURSEMENT FOR EMERGENCY AIR
MEDICAL TRANSPORTATION SERVICES

Dear Ms. Nagle:

The California Department of Health Care Services (DHCS) is resubmitting the following State Plan Amendment (SPA) 12-001, previously SPA 11-027, documents for your review and approval:

- Supplement 16 to Attachment 4.19B
- CMS Form 179 – Transmittal and Notice of Approval of State Plan Material
- SPA Impact Form

DHCS withdrew SPA 11-027 on December 20, 2011 until tribal notification requirements were fulfilled by the State. DHCS sent notification to Indian Health Programs and Urban Indian Organizations on December 15, 2011. As of the date of this letter, DHCS has not received any comments from Indian Health Programs and Urban Indian Organizations.

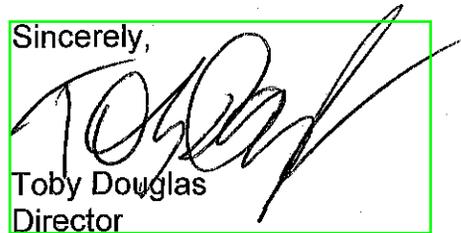
A Notice of Public interest that includes the new effective date of this SPA and an explanation of the new reimbursement rate methodology for Air Medical Transportation services was published in the January 6, 2011 California State Notice Register.

Assembly Bill 2173 (Chapter 547, Statutes of 2010) established the Emergency Medical Air Transportation Act (EMATA) to authorize, beginning January 1, 2011, an additional \$4 penalty to be levied and collected on statewide vehicle violations, with the exception of parking offenses, for the purposes of providing payment and/or rate augmentations for Medi-Cal emergency air medical transportation. This SPA adds Supplement 16 to Attachment 4.19B to add the new reimbursement methodology for Emergency Air Medical Transportation Services.

Ms. Nagle
Page 2

If you have any questions or need additional information, please contact Mr. Timothy Matsumoto, Acting Chief, Fee-for-Service Rates Development, at (916) 552-9639.

Sincerely,

A handwritten signature in black ink, appearing to read 'Toby Douglas', is enclosed in a green rectangular box. The signature is stylized and cursive.

Toby Douglas
Director

Enclosures

cc: Timothy Matsumoto, Acting Chief
Fee-for-Service Rates Development
1501 Capitol Avenue, MS 4600
Sacramento, CA 95814

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

REIMBURSEMENT FOR EMERGENCY AIR MEDICAL TRANSPORTATION SERVICES

A. Introduction

Assembly Bill (AB) 2173 (Beall, Chapter 547, Statutes of 2010) established the Emergency Medical Air Transportation Act (EMATA) and authorized, beginning January 1, 2011, an additional \$4 penalty to be levied and collected on all statewide vehicle violations, with the exception of parking offenses, for the purposes of providing the funding necessary to distribute an initial supplemental payment and subsequent rate augmentations to Medi-Cal providers who provide emergency air medical transportation services to Medi-Cal beneficiaries.

1. Beginning January 1, 2011, the State EMATA Fund was established in the State Treasury. Penalties collected by each county are deposited into the EMATA Fund.
2. Twenty (20) percent of the incoming EMATA Fund will be transferred to the State General Fund (GF) to offset the state portion of the costs of the Medi-Cal program. The remaining eighty (80) percent will be used by the Department of Health Care Services (hereinafter "Department") to adjust Medi-Cal payments for emergency air medical transportation services.
3. Reimbursements to Medi-Cal air medical transportation providers from the EMATA fund will be provided in two phases.
 - (a) In Fiscal Year (FY) 2011-12, upon federal approval, supplemental payments will be made for emergency air medical transportation services delivered in the Medi-Cal Fee-For-Service (FFS) program.
 - I. An initial supplemental payment will be made no later than May 31, 2012 for emergency air medical transportation services provided from January 6, 2012 – February 28, 2012.
 - II. A final supplemental payment will be made no later than September 30, 2012 for emergency air medical transportation services provided from March 1, 2012 – June 30, 2012.
 - (b) For each FY thereafter until January 1, 2018, the balance remaining in the EMATA fund will be used to provide annual adjustments to emergency air medical transportation service reimbursement rates in the Medi-Cal FFS program.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

B. Amendment Scope and Authority

This amendment provides the authority to implement a payment methodology to provide for: 1) supplemental payments to eligible Medi-Cal air medical transportation providers that provide FFS emergency air medical transportation services between January 6, 2012 and June 30, 2012; and 2) annual reimbursement rate adjustments to Medi-Cal FFS emergency air medical transportation service reimbursement rates beginning July 1, 2012 through January 1, 2018.

C. Eligible Medical Transportation Providers

1. Medical transportation providers eligible for the supplemental payment and annual adjustment in reimbursement rates under this amendment are air medical transportation providers that meet the following conditions:

(a) Is actively enrolled as a Medi-Cal air medical transportation provider.

(b) Operates an aircraft that meets the definition of an “Air Ambulance” as defined in Section 100280 in Title 22 of the California Code of Regulations (CCR).

(c) Is certified by the Federal Aviation Agency (FAA) to use their aircraft for purpose of being an air medical transportation provider.

D. Definitions

1. “Emergency air medical transportation services” means services that are defined in Section 51323(c) of Title 22 of the CCR.

E. Phase I - Supplemental Payment Methodology

1. Air medical transportation providers will be paid supplemental payments for emergency air medical transportation services as set forth in this section. The supplemental amounts will be in addition to any other amounts payable to Medi-Cal air medical transportation providers with respect to those services and will not affect any other payments to air medical transportation providers.

TN 12-001

Supersedes

TN: None

Approval Date: _____ Effective Date: **January 6, 2012**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

2. The supplemental payments will only be paid for Medi-Cal emergency air medical transportation services provided in the Medi-Cal FFS program.
3. The amounts payable to Medi-Cal air medical transportation providers will be equal to eighty (80) percent of the total amount of funds available in the EMATA Fund (total fund amount less twenty (20) percent to GF) for vehicle violations through December 31, 2011 divided among the total eligible air medical transportation providers that have submitted claims and received payment for dates of service from January 6, 2012 to June 30, 2012.
4.
 - (a) The initial supplemental payment will be paid by May 31, 2012 and will represent 33% of the January 31, 2012 fund balance plus matching federal funds.
 - (b) The initial supplemental payment will apply to FFS Medi-Cal emergency air transportation services paid for dates of service beginning January 6, 2012 – February 28, 2012.
 - (c) The initial supplemental payment per transport will be calculated by applying the percentage difference between the amount of the EMATA fund in 4a and the total expenditure calculated in 4b.
 - (d) The percentage difference calculated in 4c will be applied to each FFS Medi-Cal emergency air transportation paid service and reimbursed to the Medi-Cal air medical transportation provider in the form of a supplemental payment.
5.
 - (a) The final supplemental payment will be paid by September 30, 2012 and will represent 67% of the December 31, 2011 fund balance plus matching federal funds.
 - (b) The final supplemental payment will apply to FFS Medi-Cal emergency air transportation services paid for dates of service beginning March 1, 2012 to June 30, 2012 and any emergency air transportation services provided in the initial service period (January 6, 2012 – February 28, 2012) not captured in the first supplemental payment.
 - (c) The final supplemental payment per transport will be calculated using the fund amount indicated in 5a divided by the current total expenditure amount in 5b.

F. Phase II – Emergency Air Medical Transportation Service Rate Adjustment
Methodology

TN 12-001
Supersedes
TN: None

Approval Date: _____ Effective Date: **January 6, 2012**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

1. Annual Rate Adjustments

(a) Beginning in FY 2012-13, the Department will annually adjust FFS emergency air medical transportation service rates to reimburse air medical transportation providers based on the projected amount of fines deposited in the EMATA fund. The annual rate adjustments will be derived as follows:

(1) Data on the revenue collected and transferred into the EMATA Fund during the previous 12 months will be trended forward to project EMATA Fund revenue collections for the next fiscal year.

(2) Only the revenue available after the twenty (20) percent GF set aside will be used to project EMATA Fund revenue collections for the next year.

(3) The remaining eighty (80) percent of the projected EMATA Fund revenue, after the amounts deducted for the twenty (20) percent GF set aside plus matching federal funds, will be made available to adjust emergency air medical transportation service rates.

(4) Data from the previous FY FFS and Managed Care rotary and fixed wing emergency air transportation services and total expenditure amount will be used to calculate the percentage rate adjustments.

(5) The annual percentage rate adjustment, will be calculated by applying the percentage difference between the estimated amount of the EMATA fund in 1(a)(3) and the total estimated expenditures calculated in 1(a)(4).

(6) The percentage difference will be applied to the reimbursement rate for each FFS Medi-Cal emergency air transportation service.

2. Mid-Year Rate Adjustments

(a) The Department will re-evaluate the annual rate adjustment every six (6) months to determine if current revenue data on the amounts transferred into the EMATA Fund is consistent with revenue projections.

(b) To the extent that revenue projections do not meet initial projections, the annual percentage adjustment will be modified to meet amended EMATA Fund projections.

TN 12-001

Supersedes

TN: NoneApproval Date: _____ Effective Date: **January 6, 2012**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: CALIFORNIA

3. The annual and mid-year rate adjustments will cease once the EMATA Fund has been depleted.

G. Termination Date

1. The assessment of penalties will end on January 1, 2016. Penalties assessed prior to January 1, 2016 will be collected, administered, and distributed until exhausted or until June 30, 2017, whichever occurs first.

2. On June 30, 2017, any balance remaining in the EMATA Fund will be transferred to the GF, to be available, upon appropriation by the Legislature for purposes of augmenting Medi-Cal reimbursement for emergency air medical transportation costs.

3. The EMATA will be repealed on January 1, 2018 unless another statute extends or deletes this date.

TN 12-001
Supersedes
TN: None

Approval Date: _____ Effective Date: **January 6, 2012**