

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER:  <b>12-022</b>	2. STATE  <b>California</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <b><del>October 19, 2012</del> October 20, 2012</b>
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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:  n/a	7. FEDERAL BUDGET IMPACT: a. <del>FFY 13 \$ 74,042</del> FFY-13 \$ 75,240 b. <del>FFY 14 \$ 77,784</del> FFY-13 \$ 79,202
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attached 4.19-B; amend page 3.5	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attached 4.19-B, page 3.5
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10. SUBJECT OF AMENDMENT:

Audiology services provided by Type C Communication Disorder Centers located in California counties of Alameda, San Benito, Santa Clara, Santa Cruz, San Francisco and Sonoma are exempt from 10 percent payment reduction mandated by AB97.

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.

12. SIGNATURE OF STATE AGENCY OFFICIAL: <b>Original document signed by:</b>	16. RETURN TO:  <b>Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.3.26 P.O. Box 997417 Sacramento, CA 95899-7417</b>
13. TYPED NAME: <b>Toby Douglas</b>	
14. TITLE: <b>Director</b>	
15. DATE SUBMITTED: <b>Original stamped dated on Dec 24, 2012</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: CMS dated 12/24/12	18. DATE APPROVED: <b>CMS approved on Aug 28, 2013</b>
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**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: CMS dated 10/20/12	20. SIGNATURE OF REGIONAL OFFICIAL: Original document signed by Gloria Nagle
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21. TYPED NAME: Gloria Nagle, PhD, MPA	22. TITLE: Associate Regional Administrator
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23. REMARKS:  
Pen and ink changes boxes 7, 8 and 9

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706



**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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

AUG 28 2013

Dear Mr. Douglas:

Enclosed is an approved copy of California State Plan Amendment (SPA) 12-022. SPA 12-022 was submitted to my office on December 24, 2012 in order to exempt audiology services provided by Type C Communication Disorder Centers (CDCs) located in certain counties from the 10% payment reduction mandated by California's Assembly Bill 97. These approved exemptions will extend to CDCs in the following California counties: Alameda, San Benito, Santa Clara, Santa Cruz, San Francisco and Sonoma.

The effective date of this SPA is October 20, 2012. Enclosed are the following approved SPA pages that should be incorporated into your approved State Plan:

- Attachment 4.19-B, page 3.5

If you have any questions, please contact Tom Schenck by phone at (415) 744-3589 or by email at [tom.schenck@cms.hhs.gov](mailto:tom.schenck@cms.hhs.gov).

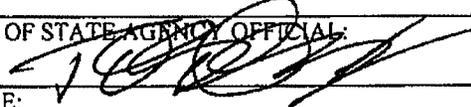
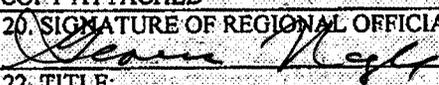
Sincerely,

A handwritten signature in black ink, appearing to read "Gloria Nagle". The signature is fluid and cursive.

Gloria Nagle, Ph.D., MPA  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure

cc: Kathryn Waje, California Department of Health Care Services  
John Mendoza, California Department of Health Care Services

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>12-022</b>	2. STATE California
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 <del>October 19, 2012</del> <b>October 20, 2012</b>	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  N/A		7. FEDERAL BUDGET IMPACT: a. <del>FFY-13 \$74,042</del> <b>FFY 2013 \$75,240</b> b. <del>FFY-14 \$77,784</del> <b>FFY 2014 \$79,202</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19B; amend page 3.5		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19B, page 3.5	
10. SUBJECT OF AMENDMENT: Audiology services provided by Type C Communication Disorder Centers located in California counties of Alameda, San Benito, Santa Clara, Santa Cruz, San Francisco and Sonoma are exempt from 10 percent payment reduction mandated by AB97.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Governor's Office does not wish to Review State Plan Amendments	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO:	
13. TYPED NAME: Toby Douglas		Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.326 P.O. Box 997417 Sacramento, CA 95899-7417	
14. TITLE: Director			
15. DATE SUBMITTED: <b>DEC 24 2012</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 12/24/12		18. DATE APPROVED: <b>AUG 28 2013</b>	
PLAN APPROVED -- ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/20/12		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Gloria Nagle, Ph.D, MPA		22. TITLE: Associate Regional Administrator	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: California

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- (17) The effect of the payment reductions in paragraphs (6) through (13) will be monitored in accordance with the monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services".
- (18) For dates of service on or after April 1, 2012, the payment reduction specified in paragraph (13), set forth on page 3.3 do not apply to Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services, as described in Attachment 3.1-A, section 4b, when those services are provided and billed by Pediatric Day Health Care (PDHC) facilities.
- (19) For dates of service on or after October 20, 2012, the payment reduction specified in paragraph (13), set forth on page 3.3, does not apply to audiology services, as described in Attachment 3.1-A, section 11c (entitled, "Amount, Duration and Scope of Medical and Remedial Care and Services Provided to the Categorically Needy"), when those services are provided by a Type C Communication Disorder Center located in California counties of Alameda, San Benito, Santa Clara, Santa Cruz, San Francisco, and Sonoma. A Type C Communication Disorder Center is an identified team in a health care provider office or facility capable of providing audiological evaluation, hearing aid evaluation and recommendations, hearing aid orientation, speech-language evaluation and speech-language remediation, comprehensive assessment and aural rehabilitative management to children of all ages.

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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**DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS**

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

AUG 28 2013

Dear Mr. Douglas:

This letter is being sent as a companion to our approval of California State Plan Amendment (SPA) 12-022, the exemption of Type C CDC audiology centers from certain payment reductions. CMS conducted a same page coverage review of physical therapy and related services, which includes speech therapy and other audiology services. The pages reviewed were:

- Limitations to Attachment 3.1-A, page 16-16A
- Limitations to Attachment 3.1-B, page 16-16A

We have determined that the state will need to make some updates to the State Plan language and clarify certain procedures described in the pages listed above. It is CMS' understanding, based on ongoing conversations with the Department of Health Care Services (DHCS), that the changes and clarifications requested below will be addressed through the review of the forthcoming State Plan Amendment (SPA), currently proposed as CA 13-008.

**Requested State Plan Changes:**

3. "Individual who is receiving long term care in a licensed skilled or intermediate care facility (NF-A and NF-B). Services would be provided in an FQHC or a RHC if a NF-A or NF-B resident is a patient of the clinic."
4. "Individual who is receiving care in a licensed intermediate care facility for the developmentally disabled (ICF-DD) including ICF-DD Habilitative and ICF-DD Nursing."

The above-referenced language is not appropriate, as it violates the comparability requirements at 42 CFR 440.240 and 1902(a)(10)(B). The State Plan must provide that covered state plan services be available in equal amount, duration and scope to all beneficiaries in the categorically needy group requiring the services and not be less in amount, duration and scope than the services available to medically needy recipients. Once a state decides what to cover in the State Plan and the extent to which it covers selected services, the services must be made available (i.e., comparable, in equal amount, duration and scope) to individuals in the categorically needy group, and to covered medically needy groups. This means that adults in NFs and ICFs cannot be eligible for state plan services that are otherwise not available to adults in the community. Therefore, the exception language should be removed from the above-referenced pages.

When NF or ICF residents are furnished a particular service that is not a covered state plan benefit, CMS agrees that NF or ICF residents may be furnished a particular type of care that is not on its own a covered state plan benefit, if that care is provided under the long term care (LTC) benefit (Item 4a and/or Item 15 in Attachment 3.1-A and 3.1-B). NFs and ICFs are responsible for providing/arranging for all medically necessary services needed by the resident. When the type of care needed cannot be arranged using state plan services, the facility provides it by purchasing the needed care and is reimbursed according to a payment methodology that recognizes these costs and pays the facility as the provider. Therefore, the types of care eliminated from optional state plan services should be added to the long term care coverage limitation pages to clarify that these types of care will be provided under the LTC benefit.

The State should note that while the above pages were the only pages reviewed as a part of this SPA, the same language appears under several other service categories in the State Plan; these pages will also need to be updated at a future date.

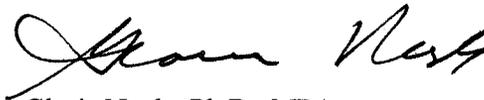
**Clarifying Questions:**

CMS and DHCS have been having ongoing conversations regarding the two-visit limit imposed on combinations of a number of optional services received by a Medi-Cal beneficiary in a given month. In DHCS' March 12, 2013 responses to CMS' informal questions, DHCS described the process through which this combination limit could be exceeded both in terms of prior authorizations and treatment authorization requests (TARs). In regards to these processes, please clarify the following:

1. Are the terms and processes for prior authorization and TARs interchangeable in regards to physical therapy and related services?
2. Are the terms and processes for prior authorization and TARs interchangeable throughout the California State Plan?
3. In the March 12, 2013 responses, in regards to occupation/speech/audiology services, DHCS writes "Prior authorization is not required; however, once the two-visit limit is met, any additional services during that month must be approved by the Medi-Cal field office with a TAR documenting medical necessity." Is the TAR process a pre-service authorization, a concurrent authorization or a retroactive authorization? If it is a pre-service authorization, how long does the adjudication process typically take? Please describe how the beneficiary experiences the TAR process.

Please respond to this letter no later than 90 days from the date of this letter with a corrective action plan describing how the State will resolve the issues identified above. However, failure to respond timely will result in our initiation of the formal compliance process. During the 90 days, we are willing to provide any required technical assistance. If you have any questions, please contact Tom Schenck at 415-744-3589 or via email at [tom.schenck@cms.hhs.gov](mailto:tom.schenck@cms.hhs.gov).

Sincerely,



Gloria Nagle, Ph.D., MPA  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: Kathryn Waje, California Department of Health Care Services  
Laurie Weaver, California Department of Health Care Services

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: California

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