



JENNIFER KENT  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

JUN 30 2015

Ms. Hye Sun Lee  
Acting Associate Regional Administrator  
Division of Medicaid and Children's Health  
Centers for Medicare and Medicaid Services  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

CALIFORNIA STATE PLAN AMENDMENT (SPA) 15-008

Dear Ms. Lee,

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) for Supplemental Reimbursement to Martin Luther King Jr. – Los Angeles Healthcare Corporation (MLK-LA).

DHCS is requesting Federal authority to make supplemental reimbursement payments to MLK-LA, which reopened in May 2015. MLK-LA will service the population of South Los Angeles that was formerly served by the Los Angeles County Martin Luther King, Jr. – Harbor Hospital.

No tribal consultation was required for SPA 15-008.

Please contact Mr. John Mendoza, Chief of Safety Net Financing Division, at (916) 552-9130 or by e-mail at [John.Mendoza@dhcs.ca.gov](mailto:John.Mendoza@dhcs.ca.gov) if you have any questions.

ORIGINAL SIGNED

Enclosures

cc: John Mendoza, Chief  
Safety Net Financing Division  
Department of Health Care Services  
1501 Capitol Avenue, MS 4504  
PO Box # 997436  
Sacramento, CA 95899

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

1. TRANSMITTAL NUMBER:  
**15-008**

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  
May 1, 2015

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 447 Subpart C

7. FEDERAL BUDGET IMPACT:  
a. FFY 2014-15                      \$ 8,333,334  
b. FFY 2015-16                      \$50,000,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
  
Supplement 5 to Attachment 4.19A, pages 1-3

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):  
  
None

10. SUBJECT OF AMENDMENT:  
Supplemental Reimbursement for Martin Luther King Jr. – Los Angeles Healthcare Corporation

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:  
**Mari Cantwell**

14. TITLE:  
**State Medicaid Director**

15. DATE SUBMITTED: **6/30/15**

16. RETURN TO:

**Department of Health Care Services  
Attn: State Plan Coordinator  
1501 Capitol Avenue, Suite 71.326  
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 PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: CALIFORNIA**

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**SUPPLEMENTAL REIMBURSEMENT FOR  
MARTIN LUTHER KING JR. – Los Angeles Healthcare Corporation**

This Supplement 5 of the State Plan describes supplemental reimbursement for Martin Luther King Jr. - Los Angeles (MLK-LA) Healthcare Corporation, effective on or after the effective date indicated on MLK-LA's Medi-Cal certification.

Until August 2007, the County of Los Angeles operated the Los Angeles County Martin Luther King, Jr. – Harbor Hospital, which provided inpatient and outpatient hospital services to the population of South Los Angeles. MLK-LA will serve the population of South Los Angeles that was formerly served by the Los Angeles County Martin Luther King, Jr. –Harbor Hospital. Section 14165.50 of the California Welfare and Institutions Code was amended by Senate Bill (SB) 857 (Chapter 31, Statutes of 2014) granting the Department of Health Care Services (DHCS) authority to make supplemental payments to MLK-LA based on payment mechanisms outlined in SB 857. MLK-LA shall be reimbursed at the greater of the prospective payment methodology based upon All Patient Refined Diagnosis Related Groups (APR-DRG) (Pages 17.38 to 17.61 of Attachment 4.19-A) or the Minimum Payment Level described in section B of this Supplement. MLK-LA may also receive supplemental payments as described in section C of this Supplement.

No payment under this Supplement is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

**A. DEFINITIONS**

- 1) "MLK-LA" means a health facility that is certified under Title XVIII and Title XIX of the federal Social Security Act, and is licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the Health and Safety Code to provide acute inpatient hospital services on the campus of the former Los Angeles County Martin Luther King, Jr.-Harbor Hospital.
- 2) "Minimum Payment Level" means a percentage of MLK-LA's projected Medi-Cal costs for each state fiscal year. The Minimum Payment Level shall be equal to 77% of the projected costs of MLK-LA for each state fiscal year through the 2016-17 fiscal year and 72% of the projected costs of MLK-LA for each state fiscal year thereafter.

**B. Minimum Payments**

TN No. 15-008

Supersedes: Approval Date \_\_\_\_\_ Effective Date: May 1, 2015

TN No. None

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: CALIFORNIA**

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**SUPPLEMENTAL REIMBURSEMENT FOR  
MARTIN LUTHER KING JR. – Los Angeles Healthcare Corporation**

- 1) Medi-Cal payments made to MLK-LA, shall provide compensation that is, at a minimum, equal to the Minimum Payment Level. DHCS shall monitor on a monthly basis the APR-DRG payments to MLK-LA in order to assess any differential between the actual APR-DRG payments and the pro rata amount of the Minimum Payment Level applicable to that given month.
- 2) If the APR-DRG Payments exceed the Minimum Payment Level or the projected cost for the state fiscal year, MLK-LA shall retain those APR-DRG Payments. If the Minimum Payment Level exceeds the APR-DRG Payments to MLK-LA for a state fiscal year, MLK-LA shall receive additional payments so that its total payments for a state fiscal year are equal to the Minimum Payment Level. The Medi-Cal payment calculations in this section shall not include payments made under the State's Hospital Quality Assurance Fee Program (Appendix 7 to this Attachment 4.19-A or Supplement 22 to Attachment 4.19-B) or another State program funded in whole or in part by a statewide hospital fee or tax. Further, Medi-Cal payments under this section shall not include private hospital supplemental payments or supplemental payments made pursuant to Section C below.
- 3) The projected Medi-Cal costs of MLK-LA shall be based on the cost finding principles applied under subsection C beginning on page 47 of this Attachment, 4.19 A except that all references to filed Medi-Cal 2552-96 cost report shall be understood to mean the filed Medi-Cal 2552-10, or any successor form, and the provision for trending costs to the current year shall also include reasonable adjustments to account for increases and decreases in costs, total volume and program utilization. To the extent there is no recently filed 12-month cost report available, the projected costs shall be determined using the best available and reasonable current estimates or projections made with respect to MLK-LA for an annual period. The projected costs shall not be multiplied by the federal medical assistance percentage and are not subject to the Section II. Reimbursement Limits set forth on Page 2 of this Attachment 4.19 A, which describes the all-inclusive rate per discharge limitation (ARPD) and peer grouping rate per discharge limitation (PGPD) and their predecessor limits. The projected Medi-Cal costs shall be determined prior to the start of each fiscal year by DHCS in consultation with MLK-LA and the County of Los Angeles, using the best available and reasonable current estimates or projections made with respect to MLK-LA for

TN No. 15-008

Supersedes:

Approval Date \_\_\_\_\_

Effective Date: May 1, 2015

TN No. None

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**SUPPLEMENTAL REIMBURSEMENT FOR  
MARTIN LUTHER KING JR. – Los Angeles Healthcare Corporation**

an annual period, and shall be considered final as of the start of the fiscal year for purposes of the Minimum Payment Level determination.

**C. SUPPLEMENTAL REIMBURSEMENTS TO MLK-LA**

- 1) MLK-LA may receive supplemental payments funded by the County of Los Angeles in accordance with section 433.51 of title 42 of the Code of Federal Regulations, equal to \$100 million for each state fiscal year. In the event MLK-LA is certified to participate in Medi-Cal for less than an entire state fiscal year, MLK-LA may receive supplemental payments equal to \$100 million multiplied by a fraction, the numerator of which is the number of days during the fiscal year during which MLK-LA is certified to participate in Medi-Cal and the denominator of which is 365. The supplemental payments specified in this section shall not result in payments in excess of applicable upper payment limits and shall be reduced to the extent necessary, if at all, to satisfy this requirement. The supplemental payments specified in this section shall be in addition to and shall not supplant any other payments to MLK-LA. The supplemental payments specified in this section shall be made quarterly.

**D. DEPARTMENT'S RESPONSIBILITIES**

- 1) Aggregate Medi-Cal reimbursement provided to private hospitals will not exceed applicable federal upper payment limits determined under section 447.272 of title 42 of the Code of Federal Regulations.

TN No. 15-008

Supersedes:

TN No. None

Approval Date \_\_\_\_\_

Effective Date: May 1, 2015

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**SUPPLEMENTAL REIMBURSEMENT FOR  
MARTIN LUTHER KING JR. – Los Angeles Healthcare Corporation**

This Supplement 5 of the State Plan describes supplemental reimbursement for Martin Luther King Jr. - Los Angeles (MLK-LA) Healthcare Corporation ~~\*to ensure access to essential services for Medi-Cal beneficiaries\*~~, effective on or after the effective date indicated on MLK-LA's Medi-Cal certification.

Until August 2007, the County of Los Angeles operated the Los Angeles County Martin Luther King, Jr. – Harbor Hospital, which provided inpatient and outpatient hospital services to the population of South Los Angeles. MLK-LA will serve the population of South Los Angeles that was formerly served by the Los Angeles County Martin Luther King, Jr. –Harbor Hospital. \*Section 14165.50 of the\* California Welfare and Institutions Code ~~\*14165.50\*~~ was amended \*by under\* Senate Bill (SB) 857 (Chapter 31, Statutes of 2014) granting the Department of Health Care Services (DHCS) authority to make supplemental payments to MLK-LA based on payment mechanisms outlined in SB 857. MLK-LA shall be reimbursed at the greater of the prospective payment methodology based upon All Patient Refined Diagnosis Related Groups (APR-DRG) (Pages 17.38 to 17.61 of Attachment 4.19-A) or the Minimum Payment Level described in section B of this Supplement. MLK-LA may also receive supplemental payments as described in section C of this Supplement.

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**SUPPLEMENTAL REIMBURSEMENT FOR  
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**C. SUPPLEMENTAL REIMBURSEMENTS TO MLK-LA**

- 1) MLK-LA may receive supplemental payments funded by the County of Los Angeles in accordance with \*section 42 CFR\* 433.51 \*of title 42 of the Code of Federal Regulations\*, equal to \$100 million for each state fiscal year. In the event MLK-LA is certified to participate in Medi-Cal for less than an entire state fiscal year, MLK-LA may receive supplemental payments equal to \$100 million multiplied by a fraction, the numerator of which is the number of days during the fiscal year during which MLK-LA is certified to participate in Medi-Cal and the denominator of which is 365. The supplemental payments specified in this section shall not result in payments in excess of applicable upper payment limits and shall be reduced to the extent necessary, if at all, to satisfy this requirement. The supplemental payments specified in this section shall be in addition to and shall not supplant any other payments to MLK-LA. The supplemental payments specified in this section shall be made quarterly.

**D. DEPARTMENT'S RESPONSIBILITIES**

- 1) Aggregate Medi-Cal reimbursement provided to private hospitals will not exceed applicable federal upper payment limits determined under \*section 447.272 of\* title 42 \*of the\* Code of Federal Regulations \*part 447.272.\*

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