



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

December 4, 2013

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Ms. Gloria Nagle, PhD, M.P.A
Associate Regional Administrator
Division of Medicaid & Children's Health Operations
Centers for Medicare and Medicaid Services, Region IX
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RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) – Non-Designated Public Hospitals (NDPHs) Safety Net Care Pool (SNCP) Uncompensated Care

Dear Mr. Nelb, Ms. Garner, and Ms. Nagle:

On June 29, 2012, The Department of Health Care Services (DHCS) submitted a proposal to amend the section 1115 Bridge to Reform Demonstration to 1) increase the SNCP Uncompensated Care limit to allow claiming for uncompensated care costs incurred by NDPHs and 2) operate a Delivery System Reform Incentive Pool (DSRIP) program for NDPHs. As proposed, the requested amendment spanned three demonstration years, starting July 1, 2012.

The Waiver amendment was submitted in conjunction with State Plan Amendments (SPAs) 12-024 A-C, which sought to do the following:

- Change the reimbursement methodology for NDPHs to a Certified Public Expenditure (CPE) methodology
- Discontinue the supplemental reimbursement program for inpatient hospital services for NDPHs
- Add NDPHs to the existing State Plan payment program that would allow them to obtain reimbursement for the uncompensated care of providing physician and non-physician practitioner professional services to Medi-Cal beneficiaries.

DHCS withdrew these SPAs in July 2013.

State law, authorized by Chapter 672, Statutes of 2013 (AB 498, Chavez), directs the department to seek necessary federal approvals or waivers for SNCP uncompensated care provisions for the 2013–14 and 2014–15 fiscal years.

DHCS recognizes that NDPHs serve as as a valuable part of the state’s safety net in providing care to the uninsured. This letter serves to notify the Centers for Medicare and Medicaid Services that DHCS continues to seek approval of the first component of the submitted Waiver amendment to increase the SNCP by \$210 million Total Computable (\$100M in DY 9 and \$110M in DY 10) to allow for NDPH uncompensated care claiming during the remaining Demonstration Years.

However, the Department is withdrawing the second component of the submitted amendment to operate an NDPH DSRIP program. We are also seeking to withdraw the inclusion of the upper payment limit for NDPH inpatient services from the “without waiver” budget neutrality limit, and the corresponding “with waiver” expenditures as those were linked to the withdrawn SPAs.

DHCS staff looks forward to collaborating with CMS on the necessary steps to ensure approval of this amendment. Should you have any questions, please contact Danielle Stumpf at: (916) 449-5000.

Sincerely,

Original signed by

Toby Douglas
Director

Cc:

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