STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

January 16, 1987

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 87-6

SUBJECT: MEDI-CAL SPECIAL SUPPLEMENTAL NOTICE

This is to notify you that the attached special supplemental notice is a copy of the Department's intent to change the methods and standards for setting payment rates for services under the Medi-Cal program effective February 1, 1987. Pursuant to federal requirements this notice must be made available to the public before the effective date of the change. Please post a copy of this notice in all of your reception areas commencing immediately through February 28, 1987.

If you have any questions regarding the posting of this special notice, please contact the Department's Rate Development Branch at (916) 445-8128.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Attachment

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: February 28, 1987

NOTICE OF ADMINISTRATIVE ACTION

Notice is hereby given, pursuant to the requirements of 42 CFR § 447.205, that the Director of the Department of Health Services intends to change the Department's methods and standards for setting payment rates for services under the Medi-Cal Program, as follows:

> Existing methods and standards provide that notwithstanding any other provisions of California's Title XIX state plan pertinent to methods and levels of reimbursement to providers, rates may be adjusted when required by state statute. The proposed change would clarify that this provision only applies to the methods and standards described in Attachment 4.19-B of the state plan, and will only be implemented provided that applicable requirements of 42 CFR Part 447 are met.
>
> In addition, the proposed change would provide that at the beginning of each fiscal year, for the current fiscal year, the director shall establish a monthly schedule of anticipated total payments and anticipated payments for categories of services, according to the categories established in the Governor's Budget. The schedule will be revised quarterly. The director shall report actual total payments and payments for the categories of services monthly to the Director of Finance and to the Joint Legislative Budget Committee.
>
> At any time during the fiscal year, if the director has reason to believe that the total cost of the program will exceed available funds, the director may, first modify the method or amount of payment for services provided that no amount shall be reduced more than 10 percent and no modification will conflict with federal law. At any time during the fiscal year, if the total amounts paid since the beginning of the fiscal year exceed by 10 percent the amounts scheduled, the director shall immediately institute such modification.
>
> At any time during the fiscal year, if the total amounts paid for any category of service exceeds by 10 percent the amounts scheduled (other than services for which the method or amount of payment

is prescribed by the United States Secretary of Health and Human Servides pursuant to Title XIX of the federal Social Social Security Act), the director shall modify the method or amount of payment for such category of service to assure that the total amount paid for such category of service in the fiscal year shall be less than 10 percent in excess of the total amount scheduled provided the total cost of the program to the State General Fund will not exceed appropriated state general funds.

No modification in method or amount of payment will be made under this proposed change which does not meet all applicable requirements of 42 CFR Part 447. An analysis of provider participation, and the expected impact of any proposed modification on provider participation, will be completed before any modification of payments is made under this proposed change. Where necessary, adjustments to proposed or implemented modifications in method or amount of payment made under this proposed change will be made, to assure compliance with 42 CFR 447.204.

Before any of the above actions are taken, the director shall consult with representatives of concerned provider groups.

This change is proposed to take effect for services rendered on or after February 1, 1987.

This change in methods and standards is being made under the authority of Welfare and Institutions Code Section 14120, and is necessary to permit implementation of the reimbursement reductions under that section effective for services rendered on or after February 1, 1987 because of an anticipated shortfall in the Medi-Cal budget for the fiscal year 1986/87. In addition, this change is necessary to clarify that reimbursement rate adjustments required by state statute will only be made provided that applicable federal requirements are met. The estimated decrease in aggregate annual expenditures expected from this action is $37.389 million in this fiscal year. The change in aggregate annual expenditures in other fiscal years is indeterminate.

This notice of the proposed changes is available for public review in the County Welfare offices of each county. Written comments by interested persons may be sent to the Rate Development Branch, Department of Health Services, 714 P Street, Room 1550, Sacramento, California 95814, where they may be reviewed by the public.