



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



EDMUND G. BROWN JR.
GOVERNOR

December 18, 2012

TRANSMITTED ELECTRONICALLY

«Name»
«Title»
«Hospital»
«Address»
«City_State_Zip»

Re: State Fiscal Year 2012-13 Private Hospital Supplemental Fund Negotiations Round 8B

Dear «Salutation»:

The California Medical Assistance Commission (CMAC) operated the Medi-Cal Selective Provider Contracting Program (SPCP) since just after its inception in 1982. As a result of Assembly Bill 102 (June 2011), effective July 1, 2012 the SPCP was transferred to the Department of Health Care Services (DHCS) as outlined in Welfare and Institutions Code section 14165. AB 102 also authorized the transition of CMAC staff to DHCS, where we will continue to operate the SPCP under the Office of Selective Provider Contracting Program (OSPSP) until a new payment method based on Diagnosis Related Groups (DRG) is implemented, which is currently scheduled to be July 1, 2013. Therefore, the SPCP transfer to DHCS has left the contracting process relatively unchanged for hospitals.

As part of the continuing contracting process, this letter is to inform you that the OSPSP is initiating the second round (Round 8B) of Private Hospital Supplemental Fund (PHSF) payment negotiations for state fiscal year (FY) 2012-13. Private hospitals that meet the eligibility criteria in Welfare & Institutions Code section 14166.12 during the current 2012-13 state fiscal year may negotiate with the OSPSP for distributions from the PHSF.

One of the conditions for participation in the distribution from the FY 2012-13 PHSF is being a FY 2012-13 Disproportionate Share Hospital (DSH). However, because the FY 2012-13 Final DSH Eligibility List is not yet available, the OSPSP is using the

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FY 2012-13 Tentative DSH Eligibility List to initiate preliminary negotiations with hospitals. Based on our records, your hospital may meet payment eligibility criteria to engage in preliminary negotiations for distributions from the PHSF. Entering into preliminary negotiations does not ensure that your hospital will be eligible for PHSF payments. Round 8B negotiations will not be finalized until the FY 2012-13 Final DSH Eligibility List is released. **If you anticipate that your hospital will not appear on the FY 2012-13 Final DSH Eligibility List, will not be an FY 2012-13 SPCP hospital, will not maintain an emergency room licensed and operating at a comprehensive or basic level during FY 2012-13, or will not meet or maintain any of the other criteria for eligibility in Welfare and Institutions Code sections 14085.6, 14085.7, 14085.8 or 14085.9, please contact the OSPCP immediately.**

Attached is the OSPCP's schedule for Round 8B negotiations. This letter and the enclosed forms and schedules are available on the SPCP page of DHCS' website (www.DHCS.ca.gov). If you choose to participate in Round 8B, **a written proposal or, if appropriate, an update of our Round 8A proposal, which meets the requirements specified below must be submitted by 5:00 PM on January 29, 2013, to the OSPCP.**

In order for a hospital to qualify for distributions from the PHSF, the hospital must "be able to demonstrate a purpose for additional funding under the SPCP including proposals relating to emergency services and other health care services, including infrequent yet high-cost services, such as anti-AB human antitoxin treatment for infant botulism (human botulinum immune globulin (HBIG), commonly referred to as "Baby-BIG"), that are made available or will be made available to Medi-Cal beneficiaries." (Welf. & Inst. Code §14085.6(g)(4).) Therefore, your proposal must demonstrate your hospital's needs. **Written proposals or updates** relating to Round 8B negotiations must be received by the OSPCP by 5:00 PM on **January 29, 2013**. Please limit your written proposal to no more than 5 pages.

In addition to the proposal, hospitals are required to submit the attached "Contact Information" form. Finally, in order to commence negotiations for a distribution from the Fund, you must also provide the certifications and declarations required by Section 100531 of Title 22 of the California Code of Regulations. Suggested language for a Certifications and Declarations document is enclosed for your reference or, if you prefer, for your signature.

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The OSPCP is willing to accept and encourages hospitals to transmit electronic submissions of Round 8 proposals. The proposals, with the applicable forms, can be sent to **spcpcontact@dhcs.ca.gov**. We will acknowledge receipt of your submission within the next business day.

Please note that the Certifications and Declarations document requires a signature. This can be accomplished by use of an electronic signature or by signing the document and then scanning it prior to transmitting the complete package via e-mail.

The OSPCP electronically transmits for signature all contracts and amendments. When approved by DHCS, the PHSF amendment will be transmitted to the hospital for signature in this fashion. Please provide on the attached "Contact Information" form an e-mail address where the amendment is to be sent. While the OSPCP will accept an electronic or scanned signature for the Certifications and Declarations document, we must have original signatures for the amendments.

We look forward to negotiating with eligible hospitals during Round 8B. If you have any questions regarding these matters, please do not hesitate to contact your OSPCP negotiator, Karen Thalhammer, at karen.thalhammer@dhcs.ca.gov.

Sincerely,


for Keith Berger
Executive Officer
Office of Selective Provider Contracting Program

KB/gr
Attachments