

DATE: August 29, 2023

PROVIDER RATES POLICY LETTER 23-001

TO: NON-HOSPITAL COMMUNITY CLINICS PROVIDING ABORTION SERVICES

SUBJECT: ABORTION SUPPLEMENTAL PAYMENT PROGRAM

PURPOSE:

This Provider Rates Policy Letter implements the Abortion Supplemental Payment Program for qualifying non-hospital community clinics who provide abortion services to Medi-Cal beneficiaries, as authorized by the Budget Act of 2022, Assembly Bill (AB) 179 ([Chapter 45, Statutes of 2022](#)) and the Budget Act of 2023, Senate Bill (SB) 101 ([Chapter 12, Statutes of 2023](#)). The Department of Health Care Services (DHCS) is establishing the Abortion Supplemental Payment Program for dates of service from January 1, 2023, through December 31, 2024.

BACKGROUND:

Pursuant to the 2022 and 2023 Budget Acts, DHCS is establishing a limited-term supplemental payment program for non-hospital community clinics that incur significant costs associated with providing abortion services and that serve Medi-Cal beneficiaries. The 2022 Budget Act appropriated \$14,849,000 for this program. The 2023 Budget Act appropriated an additional \$14,858,000. The 2022 and 2023 Budget Acts authorize DHCS to implement the program by means of provider letters or other similar instructions, without taking regulatory action notwithstanding Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

POLICY:

The supplemental payments will be paid using state funds through the Fee-For-Service delivery system and shall not exceed the amount appropriated for this purpose. The supplemental payments will be made to qualifying non-hospital community clinics for eligible services billed in the Fee-for-Service delivery system using procedure codes 59840, 59841 and S0199, with dates of service from January 1, 2023, through December 31, 2024. The abortion supplemental payments will be calculated and paid based on actual utilization of these procedure codes using paid claims data for each calendar year quarter. To calculate the supplemental payment amount for each service during each quarter, DHCS will divide the available pool amount for the calendar year quarter by the eligible utilization during the same calendar year quarter.

Eligible Providers

The 2022 Budget Act and 2023 Budget Act limit the Abortion Supplemental Payment Program to non-hospital community clinics, as defined in subdivision (a) of Section 1204 of the Health and Safety Code, that meet the following criteria:

1. Enrolled as a Medi-Cal provider.
2. Does not meet the definition of a federally-qualified health center pursuant to Section 1396(d)(1)(2) of Title 42 of the United States Code.
3. Provides Medi-Cal covered abortion services, as defined in subdivision (a) of Section 123464 of the Health and Safety Code, to Medi-Cal beneficiaries, including beneficiaries eligible on the basis of presumptive eligibility.

DHCS defines eligible providers as non-hospital community clinics in DHCS' Fiscal Intermediary System. Provider Type (PT) 40 (free clinics) and PT 41 (community clinics) will be eligible for the supplemental payment.

Supplemental Payment Methodology

1. Abortion services eligible for the Abortion Supplemental Payment Program are services billed in the Fee-For-Service delivery system using the procedure codes described in Table 1, with dates of service from January 1, 2023, through December 31, 2024:

Table 1: Procedure Codes Eligible for Supplemental Payment

Procedure Code	Procedure Code Description
59840	Dilation and Curettage
59841	Dilation and Evacuation
S0199	Medically induced abortion by oral ingestion of medication including all associated services and supplies, except drugs

2. DHCS will allocate the appropriated funding into eight quarterly payment pools.
 - a. Funds appropriated by the 2022 Budget Act are allocated equally to the four quarters associated with calendar year 2023.
 - b. Funds appropriated by the 2023 Budget Act are allocated equally to the four quarters associated with calendar year 2024.

3. No sooner than 30 days after the end of each calendar year quarter, DHCS will retrieve Fee-For-Service paid claims data from the Medi-Cal Fiscal Intermediary's system for the eligible abortion service procedure codes with dates of service within the applicable quarter. The paid claims data will be limited to claims available in the Medi-Cal Fiscal Intermediary's system as of the date of retrieval. Claims with dates of service within the applicable quarter, but which become available in the Medi-Cal Fiscal Intermediary's system after the date of retrieval, will not be considered in the supplemental payment calculation, and will not receive a supplemental payment or be reconciled, as the entire supplemental payment pool will be distributed each quarter based on the paid claims data retrieved.
4. DHCS will calculate a uniform supplemental payment rate per service by dividing the quarterly payment pool amount calculated pursuant to #2 by the Fee-For-Service utilization for eligible abortion services from eligible providers for that quarter retrieved pursuant to #3. The supplemental payment rate will change each quarter based on the utilization for the specific quarter.

For example, in calendar year 2023, the quarterly payment pool amount is \$3,712,250 (\$14,849,000 ÷ 4). If eligible providers render 5,800 units of eligible abortion services during a quarter, the supplemental payment rate would be \$640.04 per abortion service (\$3,712,250 ÷ 5,800).

5. DHCS will calculate the aggregate quarterly supplemental payment for each eligible provider by multiplying the supplemental payment rate per service by the provider's units of Fee-For-Service utilization for eligible abortion services in the quarter retrieved pursuant to #3.
6. DHCS will disburse the aggregate quarterly supplemental payment to providers through the weekly Fee-For-Service checkwrite. The supplemental payment amount will be reflected as a separate line item on the Remittance Advice Detail document.

The dates of service, quarterly pool amounts, and projected checkwrite dates are summarized in Table 2:

Table 2: Supplemental Payment Quarterly Timeline

Dates of Services	Quarterly Payment Pool	Projected Checkwrite Date
2023 Q1 (January to March)	\$3,712,250	August 2023
2023 Q2 (April to June)	\$3,712,250	August 2023
2023 Q3 (July to September)	\$3,712,250	November 2023
2023 Q4 (October to December)	\$3,712,250	February 2024
2024 Q1 (January to March)	\$3,714,500	May 2024
2024 Q2 (April to June)	\$3,714,500	August 2024
2024 Q3 (July to September)	\$3,714,500	November 2024
2024 Q4 (October to December)	\$3,714,500	February 2025

This Policy Letter supersedes all prior guidance, bulletins, instructions, and regulations issued by DHCS on the matters described herein. DHCS reserves the right to modify, waive, or rescind any provision of this Policy Letter. This Policy Letter is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

A copy of this Policy Letter is posted on the Abortion Supplemental Payment Program website at <https://www.dhcs.ca.gov/Pages/Abortion-Supplemental-Payment-Program.aspx>. If you have any questions regarding this Policy Letter, please contact the Fee-For-Service Provider Rates Inbox at ffsproviderrates@dhcs.ca.gov.

Sincerely,

Original Signed by Alek Klimek

Alek Klimek, Chief
Fee-For-Service Rates Development Division