**ADULT DAY HEALTH CARE**

**How are Adult Day Health Centers impacted?**

*Based on the access study conducted by the Department, specified ADHC centers located outside the metropolitan areas of southern California and the San Francisco bay area will be exempted from the payment reduction. Exempted ADHCs will be notified individually. The list of exempt ADHCs is available on the DHCS website at: [http://www.dhcs.ca.gov/Documents/DHCS%20Budget%20Actions/Exempted%20ADHCs.pdf](http://www.dhcs.ca.gov/Documents/DHCS%20Budget%20Actions/Exempted%20ADHCs.pdf).*

**HOSPITAL INPATIENT**

**What has the state done to ensure that this reduction for SNF and Sub-acute/distinct part will not force hospitals associated with that SCF below the DSH line and thus further having negative impact on the Acute Care hospitals?**

*Assuming that SNF means subacute nursing facility and SCF means subacute care facility, these types of distinct parts of a hospital does not affect the determination of acute care data that is used for calculations in the Disproportionate Share Program.*

*Will any adjustments be done to the disproportionate share calculation in order to adjust for the roll back in SNF rates, in order to ensure hospitals that are still doing the same basic volume of M/C patients are not unintentionally cut out of the protection of DSH funding?*

*No adjustment is expected to be done to the disproportionate share calculation, since acute care data are used for these calculations.*

**IN HOME SUPPORT SERVICES**

**Can you please explain the impact the rate reductions will have on In Home Support Services provider rates?**

*The payment reductions will not be applied to the IHSS rate.*

**IMPLEMENTATION**

**How will the payment reduction be applied?**

*The payment reduction will be applied at the end of the claims adjudication cycle. The payment reduction will be applied based on the following criteria:*

- Billing provider type
- Age of beneficiary
LONG TERM CARE FACILITIES

How will the payment reduction be applied to long term care facilities?
Unlike outpatient services, the reductions are not dependent on the age of the beneficiary or where the service(s) is provided. Each LTC facility type was individually analyzed and decisions on the application of the payment reduction were based on those analyses. Refer to the chart posted on the DHCS website for specific information for each LTC facility type.

Will Hospice room and board payments be subject to the 10% payment reductions?
Hospice room and board payments will continue to be made at 95% of the Medi-Cal per-diem rate paid to the facility where the Hospice room and board services are rendered. If the facility had its rate reduced, then the hospice room and board payments would reflect that rate reduction.

Are we certain that the exception for distinct part applies to both adults and children and not just children?
Distinct Part Adult Subacute facilities are exempt for any payment reduction. Distinct Part Nursing Facilities-Level B will be reimbursed at the prospective rate for 2008-09 less 10%. Distinct Part Pediatric Subacute facilities are under review.

Is there any conflict with the following: A 10% provider payment reduction and rate freeze for distinct part/nursing facility -B services?
No. As stated above, Distinct Part Nursing Facilities level B will be reimbursed at the prospective rates for 2008/09 less 10%.

OUTPATIENT PROVIDERS

What is the reduction for non-emergency medical transport?
Non-emergency medical transportation services are subject to a 10% payment reduction.

Will the reductions apply to the Prospective Payment System (PPS) rate that the county Low Income Health Programs (LIHP) must pay Federally Qualified Health Centers (FQHCs)?
These reductions do not apply to the LIHPs, and therefore will not affect the FQHCs with which they contract. Additionally, the Federally Qualified Health Centers and Rural Health Clinics are statutorily exempt from the Medi-Cal provider payment reductions.

What is the definition of Home Health Services?
For purposes of the payment reduction, Home Health Services are defined as services billed by Home Health Agencies. These services will be subject to a 1% payment reduction. Services provided in the home that are billed by other provider types, such physicians, as Private Duty Nurses, or durable medical equipment will be subject to the appropriate payment reduction for that provider type. Services provided under the AIDS and HCBS waivers are subject to the 10% reduction.

What is the impact on Physician Extenders?
Non-Physician Medical Practitioners, including but not limited to, Nurse Anesthetists, Nurse Practitioners, Certified Nurse Midwives, Podiatrists and Optometrists, are not physicians. Therefore, services provided by these practitioners are subject to a 10% payment reduction, regardless of the age of the patient.

Why are services billed by a Hospital Outpatient Department exempted from the provider payment reductions?
Senate Bills 90 and 335 (hospital provider fee) eliminated the application of the provider payment reductions for services provided by a hospital outpatient department.

Are Emergency physician and on-call specialist services in the Emergency Department considered hospital outpatient care and thus exempted from the 10% cut?
No. If the physician rendering the service bills for services provided in an emergency department, the physician is subject to either the 1% or 10% payment reduction, depending on the age of the beneficiary. If the Hospital Emergency Department bills for these services, no reduction will be applied.

Are mental health services impacted by the payment reduction?
Medi-Cal beneficiaries can obtain mental health services from various sources. FQHCs and RHCs are exempt from the reductions; therefore, there is no impact on mental health services that these clinics provide. The reductions do not affect county mental health plans that serve Medi-Cal beneficiaries under the Specialty Mental Health Services (SMHS) Waiver. Services provided in facilities owned and operated by the State Departments of Mental Health or Developmental Services are exempt from the payment reduction. However, providers of mental health services outside of FQHCs/RHCs, the SMHS Waiver, or state-owned facilities will be subject to the payment reductions.

Will the temporary 5% reduction for pharmacy services from March through June of 2011, which was approved by CMS, be implemented? If yes, what is the timeline for implementation?
AB 1183 (2008) authorized a 5% reduction for services provided by Pharmacies and Adult Day Health Centers and a 1% reduction for services provided by Hospital Outpatient Departments, effective March 1, 2009. However, these reductions were suspended due to court order. CMS has now approved a limited-term retroactive application of these reductions; however, implementation is on hold pending the ruling by the US Supreme Court.

How are services which have both a professional and technical component (split billed, i.e. radiology, laboratory) impacted?
The payment reduction for these services will be based on the billing provider type for each component of the service. For example, if billed by:
- Clinical Laboratory = 10% reduction
- Physicians/Clinics = 1% or 10% (based on age)
- Hospital Outpatient Department – 0% (Exempt per SB 90 and SB 335)

Are dialysis, ESRD and Chronic Renal Dialysis affected by the payment reduction?
Any component of an ESRD or CRD service provided to a child (under age 21) by a physician or clinic would continue to be subject to a 1% payment reduction. Physician or clinic services provided to adults are subject to a 10% reduction. Services billed by a hospital outpatient department will not be subject to any reduction.

Does the 10% cut occur across the board to every CPT code that Optometrists bill or just the exam code?
All services provided by optometrists will be reduced by 10%.
On the physician percentages (page 18) was this all physicians (specialists and PCPS) or just primary care?
All services provided and billed by physicians, exempt as otherwise exempt by statute, are subject to a payment reduction. However, services provided to children (under age 21) will continue to be subject to a 1% reduction. Services provided to adults will be reduced by 10%.

**PHARMACY SERVICES**

Can you confirm the estimated savings to the state for this cut is only $140M for pharmacy services?
The estimate is that the 10% reduction will result in annual savings of approximately $152 million in General Fund, and $289 million Total Funds.

Does DHCS plan to score additional savings from pharmacy when implementing the new AAC drug pricing benchmark next year?
No, implementation of the AAC will not score additional savings over the savings assumed in the 10% reduction. The Welfare and Institutions Code, Section 14105.45 (i) reads: “Adjustments to pharmacy drug product payment pursuant to Section 14105.192 shall no longer apply when the department determines that the average acquisition cost methodology has been fully implemented and the department's pharmacy budget reduction targets, consistent with payment reduction levels pursuant to Section 14105.192, have been met.” Thus, the change to AAC must provide savings equivalent to those assumed in the 10% reduction in order for 14105.192 to no longer fully apply.

Is the California Children’s Services Program affected by the 10% reduction for drugs?
Yes. Pharmacy services provided to CCS clients will be reduced in the same manner as for Medi-Cal.

Will the reductions affect medication reimbursement, supplies, or both?
The reduction for pharmacy services will apply to both drug and non-drug services and supplies.

**POLICY/MISCELLANEOUS /GENERAL**

What providers are fully exempted from the payment reductions?
AB 97 specifically exempts the following providers and services from the payment reductions:
- Services provided by a contracted inpatient facility
- Services provided by Federally Qualified Health Centers and Rural Health Clinics
- Services provided under the Breast and Cervical Early Detection Program and Breast and Cervical Cancer Treatment Program
- Hospice Services
- Services provided by the Family PACT Program
- Services which do not impact the general fund (i.e., services provided by Local Education Agencies and Indian Health Clinics)

In addition, SB 90 and SB 335 provide that services provided by a hospital outpatient department and services provided by a non-contracted inpatient facility are not subject to the 10% payment reduction.
Can providers regulate the number of Medi-Cal patients they service each month?
Providers may determine how many Medi-Cal patients they can provide services to in a given time period.

Is presumptive eligibility included in the cuts?
Services provided for beneficiaries enrolled under presumptive eligibility are subject to the payment reductions.

What provider types were giving exceptions to the 10% reduction?
Provider Types and Services given exceptions to the 10% reduction include:
- Services billed by Home Health Agencies will continue to be reduced by 1%
- Services to children (under age 21) provided and billed by physicians and clinics will continue to be reduced by 1%

Are there exemptions for rural area providers?
Rural Health Clinics are statutorily exempt from the payment reduction. In additions, ADHCs in specified rural areas will be exempted from the reduction.

In 2008, non-emergency medical transportation providers filed a lawsuit on the 10 percent rate cut, and received an injunction. To date, NEMT providers have not received any money back even though the court ruled in our favor. Why should DHCS be allowed to apply the 10% cut back to June 1st when we never received our money back?
The November 17, 2008 injunction for NEMT services applied only to payments for services provided on or after that date. Therefore, no payback of monies for services provided between July 1 and November 17, 2008 was required. Only payments for dates of service after November 17, 2008 that were inappropriately reduced by 10% were subject to a refund. The payment corrections were completed in July 2009.

Is the November 2, 2011 webinar available on the Medi-Cal website?
The webinar can be viewed at: http://www.dhcs.ca.gov/Pages/RateReductionStakeholderMeeting.aspx

The reductions announced do not appear to have sunset dates. Can you clarify?
The provider payment reductions authorized in AB 97 have no sunset dates.