



Department of Health Care Services  
**MEMORANDUM**

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**DATE:** February 22, 2018

**TO:** Tribal Chairpersons, Designees of Indian Health Programs, and Urban Indian Organizations

**FROM:** Original Signed By Sandra "Sam" Willburn, Chief,  
Primary, Rural, and Indian Health Division

**SUBJECT:** Notice of Proposed Change to the Medi-Cal Program

The purpose of this memo is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment, waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

**QUESTIONS AND COMMENTS:**

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to [Ralph.Zavala@dhcs.ca.gov](mailto:Ralph.Zavala@dhcs.ca.gov) or by mail to the address below:

**Contact Information**

Ralph Zavala  
Department of Health Care Services  
1501 Capitol Ave., MS 4050  
P.O. Box 997413  
Sacramento, Ca 95899-7413

In addition to this notice, DHCS plans to cover this proposal in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may also request a consultation on this proposal at any time as needed.

Enclosure



**Department of Health Care Services (DHCS)  
Tribal and Designees of Indian Health Programs Notice**

**PURPOSE:**

DHCS proposes to submit State Plan Amendment (SPA) 18-003 to the Centers for Medicare and Medicaid Services (CMS) to seek necessary approvals: 1) to add marriage and family therapists (MFTs) as billable mental health providers per Assembly Bill (AB) 1863<sup>1</sup> and 2) to clarify payment policies for Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs).

**BACKGROUND:**

**Marriage and Family Therapist**

Medi-Cal services provided at FQHCs and RHCs are paid on a "per visit" basis. A visit is defined as a face-to-face encounter between a patient of a FQHC or RHC and qualified health care professionals<sup>2</sup>. Currently, MFTs provide covered mental health services at FQHCs and RHCs, but cannot bill on a per visit basis. SPA 18-003 will add MFTs to the list of qualified health care professionals whose services are billable on a per visit basis.

**Clarify Payment Policies**

Under the California Medicaid State Plan (State Plan), some payment policies for FQHCs and RHCs are unclear. SPA 18-003 proposes to clarify the following: 1) requirements for change in scope of service request (CSOSR) rate adjustments, 2) services provided outside the clinic facility, 3) minimum productivity standards requirements for new facility rate application and a CSOSR, and 4) rate setting effective dates.

The proposed policy changes under SPA 18-003 will be effective January 1, 2018.

**SUMMARY OF PROPOSED CHANGES:**

**Marriage and Family Therapist**

According to AB 1863, Medi-Cal will add MFTs to the list of health care professionals whose services are billable on a per visit basis at FQHCs and RHCs. Mental health services when provided by MFTs will be billable as a FQHC and RHC visit to the extent that federal financial participation is available and necessary federal approvals are obtained. Before a FQHC or RHC may bill for MFT services on a per visit basis, it must file a CSOSR. Additionally, the FQHC or RHC must provide MFT services for a full fiscal year prior to submitting a CSOSR. Refer to the CSOSR summary listed below.

**Clarify Payment Policies**

In order to ensure that the per visit Prospective Payment System (PPS) rates of FQHCs and RHCs reflect reasonable costs per visit and that covered benefits are reimbursed accurately, SPA 18-003 proposes the following clarifications of payment policies:

1. Scope of Service Rate Adjustment – The proposed SPA will clarify guidelines to submit a CSOSR under the State Plan. These guidelines include:

<sup>1</sup> Assembly Bill 1863 (Wood, Chapter 610, Statutes of 2016)

<sup>2</sup> Welfare and Institutions Code, Section 14132.100 (g) (1)

<sup>3</sup> Senate Bill x1-1 (Hernandez, Chapter 4, Statutes of 2013)

- The definition of the change in the type, intensity, duration or amount of services
  - Provider must wait a full fiscal year from the scope of service change before a CSOSR is submitted
  - When the scope of service change occurs, the change will be compared to the preceding fiscal year
  - Circumstances when CSOSR for an Electronic Health Record (EHR) system (medical or dental) cost can be submitted.
2. FQHC and RHC services provided outside the clinic facility (“four walls”) - The proposed SPA will clarify when the FQHC or RHC may bill the PPS rate for the following:
- Inpatient services
  - Dental Services
  - Telehealth services
  - Homeless services
  - Mobile units and intermittent clinics
  - Other locations outside of the clinic facility
3. Minimum Productivity Standards for rate setting of new facility rate applications and CSOSRs - The proposed SPA confirms the use of the minimum productivity standards (number of total visits per year) when setting the initial PPS rate for a new facility and a CSOSR. The minimum productivity standards will be applied to physicians (contracted or employed), nurse practitioners, physician assistants, and midwives (contracted or employed).
4. Rate setting effective date - The proposed SPA clarifies effective dates for rate setting of new, relocated, intermittent, and mobile FQHC and RHC sites based on the date the clinic submits an application for rate setting.
5. Dental Hygienist (DH) or dental hygienist in alternative practice (DHAP) – The proposed SPA requires a FQHC or RHC to submit a CSOSR in order to bill for DH or DHAP services on a per visit basis. The FQHC or RHC must provide DH or DHAP services for a full fiscal year prior to submitting a CSOSR. Refer to the CSOSR summary listed above.

## **IMPACT TO TRIBAL HEALTH PROGRAMS:**

### **Marriage and Family Therapist**

SPA 18-003 will allow MFT services to be reimbursed by Medi-Cal on a per visit basis when provided at FQHCs and RHCs. DHCS anticipates no impact to Tribal Health Programs (THPs), since THPs are currently paid for mental health services provided by MFTs<sup>3</sup>.

### **Clarify Payment Policies**

SPA 18-003 seeks to clarify the payment policies for FQHCs and RHCs. DHCS anticipates no impact to THPs since THPs are not enrolled in Medi-Cal as FQHC or RHC providers.

### **IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs):**

#### **Marriage and Family Therapist**

FQHCs may have an increase in Medi-Cal patients seeking MFT services. If a FQHC chooses to bill for MFT services on a per visit basis, the FQHC must submit a CSOSR to DHCS. A CSOSR may increase or decrease the FQHC's PPS rate.

#### **Clarify Payment Policies**

Clarification of payment policies may impact FQHCs as follows:

- Changes to the initial rate setting and CSOSR rate setting methodology in order to ensure that the PPS rates of FQHCs reflect a reasonable cost per visit may result in an increase or decrease in PPS rates.
- Payments for services provided outside the clinic facility - FQHCs may experience an increase or decrease in payable services provided outside the clinic facility.
- Effective date of rate setting for some types of FQHCs - DHCS determines the effective date for the initial PPS rate for new facilities, relocated, intermittent, and mobile sites.

### **IMPACT TO INDIAN MEDI-CAL BENEFICIARIES:**

#### **Marriage Family Therapist**

There may be an increase in MFT services available for eligible Indian beneficiaries as FQHCs would be able to bill for the service.

#### **Clarify Payment Policies**

The proposed payment policies clarifications should not have an impact.

**RESPONSE DATE:** Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by e-mail to [Ralph.Zavala@dhcs.ca.gov](mailto:Ralph.Zavala@dhcs.ca.gov), or by mail to the address below:

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