



BRADLEY P. GILBERT, MD, MPP
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

March 13, 2020

Mr. James G. Scott, Director
Division of Program Operations
Centers for Medicare & Medicaid Services
Medicaid and CHIP Operations Group
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

WITHDRAWAL OF STATE PLAN AMENDMENTS 18-0043 & 18-0044: ADDITIONAL
SUPPLEMENTAL PAYMENTS FOR HOSPITAL INPATIENT & OUTPATIENT
SERVICES

Dear Mr. Scott:

In response to the Center for Medicare and Medicaid Services' (CMS) request, the California Department of Health Care Services (DHCS) is withdrawing State Plan Amendments (SPAs) 18-0043 and 18-0044. These SPAs proposed additional supplemental reimbursement to hospitals for the provision of inpatient and outpatient services to Medi-Cal beneficiaries. DHCS originally submitted SPAs 18-0043 and 18-0044 on September 28, 2018.

The purpose of these SPAs was to allow DHCS to issue supplemental payments to hospitals up to the aggregate upper payment limit (UPL) without supplanting specified existing levels of payments. In accordance with the UPL demonstration requirements outlined in State Medicaid Director Letter (SMDL) #13-003, DHCS has determined that there is no additional UPL room for SFY 2018-19.

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We look forward to future collaborations with CMS that will continue to enhance health service delivery to those we serve. Should you have any questions or concerns, please contact Katie Brooks, Chief of Safety Net Financing Division, at (916) 345-7937 or by email at Katie.Brooks@dhcs.ca.gov.

Sincerely,

A black rectangular redaction box covering the signature of Jacey Cooper.

Jacey Cooper
Chief Deputy Director
Health Care Programs
State Medicaid Director

cc: Ms. Lindy Harrington
Deputy Director
Health Care Financing
Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Mr. Robert Ducay
Assistant Deputy Director
Health Care Financing
Department of Health Care Services
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Ms. Katie Brooks, Chief
Safety Net Financing Division
Department of Health Care Services
Katie.Brooks@dhcs.ca.gov

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 18-0044	2. STATE CA
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE August 11, 2018	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447, Subpart F		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2018 \$xx.xx	
		b. FFY 2019 \$xx.xx	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 24 to Attachment 4.19-B, Page 4		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Supplement 24 to Attachment 4.19-B, Page 4	
10. SUBJECT OF AMENDMENT:			
Supplemental Payments for Hospital Outpatient Services			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor's Office does not wish to review the State Plan Amendment.	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
ORIGINAL SIGNED		16. RETURN TO:	
State Medicaid Director		Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.326 P.O. Box 997417 Sacramento, CA 95899-7417	
15. DATE SUBMITTED: September 28, 2018			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	

2. The outpatient base amount shall be those payments for outpatient hospital services rendered in the 2013 calendar year, as reflected in the state paid claims files prepared by the department on December 27, 2016.
3. The outpatient supplemental rate shall be 103 percent of the outpatient base amount for the last two subject fiscal quarters in the subject fiscal year 2016-17, 316 percent of the outpatient base amount for the subject fiscal quarters in the subject fiscal year 2017-18 and xx percent of the outpatient base amount for the subject fiscal quarters in the subject fiscal year 2018-19. The amount for subject fiscal year 2016-17 will be divided by two to arrive at the quarterly amount for the two quarters in subject fiscal year 2016-17, and each amount for subject fiscal years 2017-18 and 2018-19 will be divided by four to arrive at the quarterly amount for the four quarters in both subject fiscal year 2017-18 and subject fiscal year 2018-19 respectively. The above percentages will result in payments to hospitals that equal the applicable federal upper payment limit.
4. In the event that the sum of payments to all hospitals in any subject fiscal quarter causes the aggregate of all supplemental payments to all hospitals pursuant to this Section for all subject fiscal quarters to exceed (\$xx.xx), the payments to all hospitals in that fiscal quarter shall be reduced pro rata so that the aggregate of all supplemental payments to all hospitals does not exceed (\$xx.xx).
5. In the event federal financial participation for a subject fiscal year is not available for all of the supplemental amounts payable to private hospitals under Paragraph 3 due to the application of a federal upper payment limit, which is subject to annual submission and review, or for any other reason, the following will apply:
 - a. The total amount payable to private hospitals under Paragraph 3 for each subject service period within the fiscal year will be reduced to the amount for which federal financial participation is available pursuant to subparagraph b.
 - b. The amount payable under Paragraph 3 to each private hospital for each subject service period within the fiscal year will be equal to the amount computed under Paragraph 3 multiplied by the ratio of the total amount for which federal financial participation is available to the total amount computed under Paragraph 3.
 - c. In the event that a hospital's payments in any service period as calculated under Paragraph 3 are reduced by the application of this Paragraph 5, the amount of the reduction will be added to the supplemental payments for the