DHCS
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DATE: October 2, 2008

MMCD All Plan Letter 08-008

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: REIMBURSEMENT FOR NON-CONTRACTED HOSPITAL EMERGENCY INPATIENT SERVICES

This All Plan Letter (APL) serves to provide information to Medi-Cal managed care plans regarding Welfare and Institutions (W&I) Code Section 14091.3, recently enacted in Section 42 of Assembly Bill 1183 (Chapter 758, Statutes of 2008). W&I Code section 14091.3 was enacted in part to comply with Section 6085 of the Federal Deficit Reduction Act (DRA) of 2005 (Pub. L. 109-171), also known as the "Rogers Amendment." Section 6085 limits the amount Medicaid managed care plans shall pay non-contracted hospitals for emergency services.

For purposes of this letter, "non-contracted" means a general acute care hospital, including hospitals that contract with the Department of Health Care Services (DHCS) under the Medi-Cal Selective Provider Contracting Program (SPCP), that does not have in effect a contract for general acute care inpatient services with a Medi-Cal managed care health plan. It is important to note that this letter is not related to, nor is it intended to be used as a guideline for, the reimbursement of non-contracted post-stabilization services following an admission for emergency inpatient services, which is addressed in subdivision (c)(3) of W&I Code Section 14091.3, but not subject to this APL. A separate letter on post-stabilization will be forthcoming.

Section 6085 of the DRA created a new section 1932(b)(2)(D) of the Social Security Act (SSA) and was federally mandated to be put into effect by states as of January 1, 2007. W&I Code Section 14091.3 finalizes implementation of that federal mandate by State statute. Section 14091.3 requires that non-contracted hospitals, both SPCP and non-SPCP participating hospitals, shall accept as payment in full the amounts published by DHCS for emergency general acute care inpatient services. Further, Section 14091.3, subdivision (d) mandates that final reimbursement rates for purposes of DRA Section 6085 become effective once published by DHCS and shall apply to all emergency inpatient services provided by non-contracted hospitals since January 1, 2007, the effective date of DRA Section 6085. This APL shall serve as publication of those final rates by DHCS.

On March 16, 2007, the Medi-Cal Managed Care Division sent out APL 07-003, Federal Deficit Reduction Act of 2005 (Reimbursement for non-contracted emergency services providers), in which the health plans were notified of the provisions set forth in Section 6085 and put on notice that final per diem reimbursement rates for emergency inpatient services would be forthcoming. That APL encouraged managed care plans to reimburse non-contracted hospitals for emergency inpatient services, both SPCP hospitals and non-SPCP hospitals, according to the average SPCP rate for the geographic region in which the provider is located, referred to as the Standard Consolidated Statistical Area (Average Rate), for the last year reported by the California Medical Assistance Commission (CMAC), and as published in the most recent CMAC Annual Report to the Legislature.

APL 07-003 further stated that once the final rates for reimbursement for emergency inpatient services were published, Medi-Cal managed care plans may be required to undergo a reconciliation process to ensure that all non-contracted hospitals who were paid on a temporary or transitional basis the Average Rate for emergency inpatient services are ultimately reimbursed in accordance with DHCS finalized emergency inpatient rates.

As stated in APL 07-003, this APL provides the final rates for reimbursement for the period January 1, 2007 to June 30, 2008 and for the period July 1, 2008 to June 30, 2009, as noted in the tables below. Rates for subsequent years will be provided prior to July 1 of each year.

The average regional per diem SPCP contract rates in the following tables are derived from unweighted average SPCP contract per diem rates that are publicly available on June 1 of each year and trended forward based on the annual increases in the regional average SPCP contract rates, as published in the CMAC Annual Report to the Legislature. As required by Government Code Section 6254(q) and SPCP contract terms, SPCP rates are confidential for 4 years and managed care plans or their contractors cannot require or compel an SPCP hospital to disclose or otherwise reveal its confidential SPCP rate information.

Rogers Amendment rates for the applicable periods are as follows:

Rogers Amendment CMAC Regional Average Rates for Non-Contracted Hospital Emergency Inpatient Services Rate Period: 1/1/07 to 6/30/08		
	Average	
	Non Tertiary	Tertiary
Other	$1,291	$1,779
San Francisco / Bay Area	$1,594	$2,468
Southern California	$1,158	$1,804

Rogers Amendment CMAC Regional Average Rates for Non-Contracted Hospital Emergency Inpatient Services Rate Period: 7/1/08 to 6/30/09		
	Average	
	Non Tertiary	Tertiary
Other	$1,411	$1,944
San Francisco / Bay Area	$1,771	$2,742
Southern California	$1,283	$1,998

Other = All California counties other than those listed below

San Francisco / Bay Area = Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma

Southern California = Counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura

W&I Code section 14166.245 defines a tertiary hospital as a Children's Hospital specified in W&I Code section 10727, or as a hospital that has been designated as a Level I or Level II trauma center by the Emergency Medical Services Authority established pursuant to Health and Safety Code section 1797.1.

Also, pursuant to Section 14091.3(d), health plans are required to make reconciliations and adjustments for all non-contracted hospital payments made since January 1, 2007 that were not based upon the rates published in this APL and, if applicable, provide supplemental payments to hospitals as necessary to make all such payments conform with the rates published in this APL. All supplemental payments must be made within

60 working days from the date of this letter in order to avoid interest charges pursuant to Title 28, California Code of Regulations, Section 1300.71.

Finally, Section 14091.3(e)(3) requires Medi-Cal managed care health plans to provide DHCS with data and documentation, including contracts with providers and hospitals, as deemed necessary by DHCS in order to evaluate the impact of this process. The statute also requires DHCS to report to the Legislature on the progress of the implementation and the impact made by this process. DHCS will follow up separately with Medi-Cal managed care health plans to identify the documentation needed to fulfill this legislative reporting requirement.

If you have questions about the information in this letter, please contact Vickie Orlich, Chief of the Policy and Financial Management Branch, at (916) 449-5083 or via email at Vickie.Orlich@dhcs.ca.gov.

Sincerely,

Vanessa M Baird

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