



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



EDMUND G. BROWN JR.
GOVERNOR

August 25, 2015

Ms. Henrietta Sam-Louie
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations
Centers for Medicare and Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Ms. Sam-Louie:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 15-019 for your review and approval. SPA 15-019 will exempt dental services and applicable ancillary services from the Medi-Cal provider ten percent payment reduction, which was enacted by Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011). The effective date of this exemption is July 1, 2015.

In 2011, AB 97 added Welfare and Institutions Code Section 14105.192, which required DHCS to reduce provider payments by ten percent for various Medi-Cal services provided on or after June 1, 2011. Paragraph (4) of Subdivision (d) in Section 14105.192 authorized DHCS to adjust the payment reductions specified in Section 14105.192 with respect to particular provider types, products, or services. In 2015, the AB 97 was amended with enactment of the 2015-16 California State Budget and Senate Bill 75 (Chapter 18, Statutes of 2015). Pursuant to the legislative changes of 2015, dental services and applicable ancillary services are exempt from the Medi-Cal provider ten percent payment reduction. In light of these changes, DHCS is seeking approval from the Centers for Medicare and Medicaid Services (CMS) to eliminate the AB 97 ten percent provider payment reduction for dental services and applicable ancillary services provided to beneficiaries in Medi-Cal from the State Plan. As a result of this exemption, DHCS anticipates increased provider participation and retention rates.

Enclosed you will find the following for SPA 15-019:

- HCFA 179 form
- Attachment 4.19B, page 3.6

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On August 3, 2015, CMS approved DHCS' request to exempt tribal consultation as a requirement for the submission of SPA 15-019. In addition, a public notice of the exemption was published in the California Regulatory Notice Register on July 3, 2015. No comments have been received to date.

If you have any questions or need additional information, please contact Alani Jackson, Chief, Medi-Cal Dental Services Division, by phone at (916) 464-0209 or by email at Alani.Jackson@dhcs.ca.gov.

ORIGINAL SIGNED

Chief Deputy Director
Health Care Programs
State Medicaid Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
15-019

2. STATE
CALIFORNIA

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
July 1, 2015

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2015 \$30,022,000
b. FFY 2016 \$30,022,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19B; add page 3.6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Attachment 4.19B; page 3.5

10. SUBJECT OF AMENDMENT:

To exempt dental services and applicable ancillary services from the Medi-Cal provider ten percent payment reduction as enacted by Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011).

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
The Governor's Office does not wish to review the State Plan Amendment.

ORIGINAL SIGNED

14. TITLE:
**Chief Deputy Director, Health Care Programs
State Medicaid Director**

15. DATE SUBMITTED:

16. RETURN TO:

**Department of Health Care Services
Attn: State Plan Coordinator
MS 4506
P.O. Box 997419
Sacramento, CA 95899-7419**

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:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

- 22) For dates of service on or after July 1, 2015, the payment reduction specified in paragraph (13), set forth on page 3.3, does not apply to dental services and applicable ancillary services provided to beneficiaries of all ages.

TN No 15-019
Supersedes
TN # 13-015

Approval Date _____ Effective Date July 1, 2015

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

22) For dates of service on or after July 1, 2015, the payment reduction specified in paragraph (13), set forth on page 3.3, does not apply to dental services and applicable ancillary services provided to beneficiaries of all ages.

TN No 15-019
Supersedes
TN # 13-015

Approval Date _____ Effective Date July 1, 2015

SPA Impact Form

State/Title/Plan Number: California/ 15-019

Federal Fiscal Impact: FFY2015 \$30,022,000; FFY2016 \$30,022,000

Number of People Affected by Enhanced Coverage, Benefits or Retained Eligibility: 0

Number of Potential Newly Eligible People: 0

or

Eligibility Simplification:

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Provider Payment Increase: No

Delivery System Innovation: No

(Examples: adding new provider types to provide a covered service, managed care delivery systems or other similar type plans.)

Comments/Remarks:

The purpose of SPA 15-019 is to exempt dental services and applicable ancillary services from the Medi-Cal provider ten percent payment reduction as enacted by California Assembly Bill 97 (Chapter 3, Statutes of 2011).

DHCS Contact:

Khae Saetern

Khae.Saetern@dhcs.ca.gov

(916) 464-0235

Date:

7/28/2015