



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



EDMUND G. BROWN JR.
GOVERNOR

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

RE: California State Plan Amendment 16-015

Dear Ms. Sam-Louie,

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) for the Supplemental Reimbursement for Inpatient Hospital Services.

CMS has approved SPA 10-026 on October 20, 2011 with an effective date for January 1, 2011. DHCS is seeking to amend the supplemental payment program currently located in Pages 1 – 6 of Supplement 2 to Attachment 4.19-A to add page 6.a to the State Plan to allow an interim payment process and reconciliation in the event that an NDPH inpatient upper payment limit demonstration is not approved by April 1st of each state fiscal year. There is no anticipated impact to the total Federal Financial Participation for the stated time frames.

No tribal consultation was required for SPA 16-015.

Public Notice was published on May 13, 2016.

Please contact Mr. John Mendoza, Chief, Safety Net Financing Division, at (916) 552-9130 or by e-mail at John.Mendoza@dhcs.ca.gov if you have any questions.

ORIGINAL SIGNED

Mari Cantwell
Chief Deputy Director, Health Care Programs
State Medicaid Director
Department of Health Care Services

Ms. Henrietta Sam-Louie
Page 2

Enclosures

Cc: John Mendoza, Chief
Safety Net Financing Division
Department of Health Care Services
1501 Capitol Avenue, MS 4504
PO Box # 997436
Sacramento, CA 95899

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

1. TRANSMITTAL NUMBER:
16-015

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
May 14, 2016

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 2016 \$55,486,138
b. FFY 2017 \$63,881,191

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Supplement 2 to Attachment 4.19A, page 6.a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Supplement 2 to Attachment 4.19A, pages 1-6

10. SUBJECT OF AMENDMENT:
SUPPLEMENTAL REIMBURSEMENT FOR INPATIENT HOSPITAL SERVICES

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:
State Medicaid Director

15. DATE SUBMITTED:

16. RETURN TO:

**Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417**

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

SUPPLEMENTAL REIMBURSEMENT FOR INPATIENT HOSPITAL SERVICES

Interim Supplemental Payments:

In the event that the UPL is not approved by April 1st of the current SFY, DHCS will calculate an interim supplemental payment to be paid to the current SFY's eligible hospitals pursuant to Article 5.17 of the Welfare and Institutions Code (commencing with section 14165.55) as the law was in effect on May 14, 2016.

The interim supplemental payment will be calculated using 80 percent of the most recent prior SFY's approved UPL room. Interim supplemental payments will be processed and paid in the fourth quarter of the SFY, or soon thereafter as practicable.

Once the current SFY's UPL is approved by CMS, the interim supplemental payments will be reconciled to the final approved UPL room amount.

- i. If at the end of the reconciliation process, it is determined that the hospital received an overpayment, the overpayment will be collected from the hospital.
- ii. If at the end of the reconciliation process, it is determined that the hospital received an underpayment, the final calculated payment amount due to the hospital will be processed.

TN No. 16-015

Supersedes:

Approval Date _____

Effective Date: May 14, 2016

**Non Designated Public Hospital Intergovernmental Transfer Program
SPA 16-015 Federal Impact**

SFY	IGT	FFP	Total Funds
2015-16	\$53,463,867	\$53,463,867	\$106,927,735
2016-17	\$61,552,950	\$61,552,950	\$123,105,901
2017-18	\$70,865,912	\$70,865,912	\$141,731,824

FFP Distributed By SFY

FFP per SFY Qtr	Q1 (July -Sep)	Q2 (Oct - Dec)	Q3 (Jan - Mar)	Q4 (Apr - Jun)	Total Per SFY
2015-16	\$13,365,967	\$13,365,967	\$13,365,967	\$13,365,967	\$53,463,867
2016-17	\$15,388,238	\$15,388,238	\$15,388,238	\$15,388,238	\$61,552,950
2017-18	\$17,716,478	\$17,716,478	\$17,716,478	\$17,716,478	\$70,865,912

FFP Distributed By FFY

FFP per FFY Qtr	Q1 (Oct -Dec)	Q2 (Jan - Mar)	Q3 (Apr - Jun)	Q4 (Jul -Sep)	Total Per FFY
2015-16	\$13,365,967	\$13,365,967	\$13,365,967	\$15,388,238	\$55,486,138
2016-17	\$15,388,238	\$15,388,238	\$15,388,238	\$17,716,478	\$63,881,191
Total					\$119,367,329

SPA Impact Form

State/Title/Plan Number:

CA/Supplemental Reimbursement for Inpatient Hospital Services/SPA#16-015

Federal Fiscal Impact:

FY 2016 \$55,486,138

FY 2017 \$63,881,191

Number of People Affected by Enhanced Coverage, Benefits or Retained

Eligibility: 0

Number of Potential Newly Eligible People: 0

or

Eligibility Simplification: No

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:

Assembly Bill 113 (Monning, Chapter 20, Statutes of 2011); Welfare and Institutions Code Section 14165.57 (1)(1) requires the Department of Health Care Services (DHCS) to provide supplemental reimbursement for Medicaid fee-for-service inpatient hospital services on an annual basis. DHCS is required to establish, implement, and maintain the Nondesignated Public Hospital Intergovernmental Transfer Program (NDPH-IGT).

CMS has approved SPA 10-026 on October 20, 2011 with an effective date for January 1, 2011. DHCS is seeking to amend the supplemental payment program currently located in Pages 1 – 6 of Supplement 2 to Attachment 4.19-A to add page 6.a to the State Plan to allow an interim payment process and reconciliation in the event that an NDPH inpatient upper payment limit demonstration is not approved by April 1st of each state fiscal year. There is no anticipated impact to the total Federal Financial Participation for the stated time frames.

DHCS Contact:

Heather Everhart

heather.everhart@dhcs.ca.gov, 916-324-0782

Date:

May 11, 2016