September 28, 2017

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

STATE PLAN AMENDMENT 17-030: ONE-YEAR SUPPLEMENTAL PAYMENT FOR CERTAIN PHYSICIAN SERVICES USING PROPOSITION 56 TOBACCO TAX FUNDS ALLOCATED FOR THE 2017-18 STATE FISCAL YEAR

Dear Ms. Sam-Louie:

The California Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) 17-030 documents for your review and approval. SPA 17-030 will provide for a supplemental payment program for certain physician services rendered during the July 1, 2017 to June 30, 2018 period.

Assembly Bill 120 (Chapter 22, Statutes of 2017) appropriates the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) funds to be used as the nonfederal share for specified DHCS health care expenditures during the 2017-18 state fiscal year. The supplemental payment amounts are fixed amounts and will be paid per claim. The supplemental payments are for new and established patient office/outpatient visits, psychiatric diagnostic evaluations, psychiatric diagnostic evaluation with medical services, and psychiatric pharmacological management services as identified by Current Procedure Terminology (CPT) Code below:

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Supplement Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>90863</td>
<td>$5.00</td>
</tr>
<tr>
<td>99201, 99211</td>
<td>$10.00</td>
</tr>
<tr>
<td>99202, 99212, 99213</td>
<td>$15.00</td>
</tr>
<tr>
<td>99203, 99204, 99214, 99215</td>
<td>$25.00</td>
</tr>
<tr>
<td>90791, 90792</td>
<td>$35.00</td>
</tr>
<tr>
<td>99205</td>
<td>$50.00</td>
</tr>
</tbody>
</table>
The following SPA documents are enclosed for your review and approval:

- HCFA 179 – Transmittal and Notice of Approval of State Plan Material
- Page 1 of Supplement 27 to Attachment 4.19-B (clean version)

A Notice of Public Interest regarding the one-year supplemental payment program for certain physician services was published on June 30, 2017 on the DHCS webpage. On July 11, 2017, CMS informed DHCS that a tribal notice was not required for this SPA.

If you have any questions or need additional information, please contact Ms. Connie Florez, Chief, Fee-For-Service Rates Development Division, at (916) 552-9600.

Enclosures

cc:  Ms. Connie Florez, Chief
     Fee-For-Service Rates Development Division
     1501 Capitol Avenue, Suite 71.5195, MS 4600
     Sacramento, CA 95814

     Ms. Cheryl Young
     Division of Medicaid & 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
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR**

**HEALTH CARE FINANCING ADMINISTRATION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**STATE** California

**PROPOSED EFFECTIVE DATE**

July 1, 2017

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

- [x] 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)

**FEDERAL STATUTE/REGULATION CITATION:**

Assembly Bill no. 120 (Stats. 2017, ch. 22, § 3, Item 4260-101-3305), Budget Act of 2017

**FEDERAL BUDGET IMPACT:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFY 2017</td>
<td>$122,026,561</td>
</tr>
<tr>
<td>FFY 2018</td>
<td>$366,079,682</td>
</tr>
</tbody>
</table>

**PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**

Supplement 27, Attachment 4.19-B, page 1

**PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):**

None

**SUBJECT OF AMENDMENT:**

One-year supplemental payment for certain physician services using Proposition 56 tobacco tax funds.

**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

- [x] OTHER, AS SPECIFIED:

The Governor’s Office does not wish to review the State Plan Amendment.

**DATE SUBMITTED:**

9/28/2017

**DATE RECEIVED:**

**DATE APPROVED:**

**EFFECTIVE DATE OF APPROVED MATERIAL:**

**SIGNATURE OF REGIONAL OFFICIAL:**

**TYPED NAME:**

**REMARKS:**

ORIGINAL SIGNED

**State Medicaid Director**

15. DATE SUBMITTED:

9/28/2017
ONE-YEAR SUPPLEMENTAL PAYMENT PROGRAM FOR CERTAIN PHYSICIAN SERVICES

This program provides supplemental reimbursement for eligible physician services provided to Medi-Cal beneficiaries. The supplemental reimbursements will be provided for services rendered between July 1, 2017 through June 30, 2018. Payments will not be paid as individual increases to current reimbursement rates as described in other parts of this State Plan for physician services.

A. Supplemental Reimbursement Methodology – General Provisions

1. The supplemental payment amounts are fixed by type of eligible physician service and are paid per claim based on the Current Procedural Terminology (CPT) Code, as outlined in the chart below. Eligible physician services include new and established patient office/outpatient visits, psychiatric diagnostic evaluations, psychiatric diagnostic evaluation with medical services, and psychiatric pharmacological management services.

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2. Base rates for physician services are the rates established by the Department of Health Care Services (Department) for each CPT Code, as published on the Medi-Cal Rates website: [http://files.medical.ca.gov/pubsdoco/rates/rateshome.asp](http://files.medical.ca.gov/pubsdoco/rates/rateshome.asp)

3. The supplemental payment amounts, as set forth in this Supplement, are inclusive of Federal Financial Participation.

4. Federal Financial Participation will be applied to supplemental payments at a rate consistent with the applicable Federal Medical Assistance Percentage, as authorized by federal law and the California State Plan.

5. Providers eligible for the supplemental payments under this section do not include Federally Qualified Health Centers (FQHCs), Rural Health Centers (RHCs), and other providers that are reimbursed on a cost-based system.