DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST
RELEASE DATE: JUNE 26, 2020

NOTICE OF GENERAL PUBLIC INTEREST AND REQUEST FOR PUBLIC INPUT ON STATE PLAN AMENDMENT 20-0010, WHICH PROPOSES TO ADJUST MEDI-CAL FEE-FOR-SERVICE REIMBURSEMENT RATES FOR CLINICAL LABORATORY SERVICES

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). DHCS is seeking federal authority to adjust certain Medi-Cal Fee-for-Service (FFS) reimbursement rates for clinical laboratory services. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed SPA 20-0010, which is attached.

DHCS plans to submit SPA 20-0010 to the federal Centers for Medicare and Medicaid Services (CMS) to obtain approval to adjust reimbursement rates in accordance with Welfare and Institutions Code section 14105.22, which requires reimbursement to not exceed the lowest of (1) the amount billed, (2) the charge to the general public, (3) eighty percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services, and (4) a reimbursement rate based on an average of the lowest amount that other payers and other state Medicaid program are paying for similar clinical laboratory or laboratory services.

DHCS estimates that the annual aggregate Medi-Cal expenditures for Clinical Laboratory or Laboratory Services will decrease by approximately $11.7 million in total funds.

The effective date of the proposed SPA is July 1, 2020. All proposed SPAs are subject to approval by the Federal Centers for Medicare and Medicaid Services (CMS).

PUBLIC REVIEW AND COMMENTS

The proposed changes included in draft SPA 20-0010 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of the proposed SPA 20-0010 will be published at the following internet address:

https://www.dhcs.ca.gov/formsandpubs/laws/Pages/PendingStatePlanAmendments.aspx.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA 20-0010 or a copy of submitted public comments related to SPA 20-0010 by requesting it in writing to the mailing or email addresses listed below. Please indicate SPA 20-0010 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Fee-for-Service Rates Development Division
P.O. Box 997413, MS 4600
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA 20-0010 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than Monday, July 27, 2020. Please note that comments will continue to be accepted after July 27, 2020, but DHCS may not be able to consider those comments prior to the initial submission of SPA 20-0010 to CMS.

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

4. Reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, page 1, paragraph 3, entitled "Other Laboratory and X-ray services," will be developed by the Department of Health Care Services (DHCS) using the following methodology:

   a) Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following:
      (1) the amount billed,
      (2) the charge to the general public,
      (3) 80% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1st, 2020 for the same or similar services,
      (4) an amount calculated based on a weighted average of the lowest amount that third-party payers are paying for the same or similar services.
   b) The ten percent payment reduction included in 4.19-B, page 3.3, paragraph (13), shall apply to the new rates calculated using the methodology described in this paragraph.
   c) The Department's fee schedule rates are set as of July 1, 2020 and are effective for services provided on or after that date. All rates for clinical laboratories and laboratory services are published at: https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates

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Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
1(d)(3)	January 1, 2004	The manufacturer's suggested retail purchase price reduced by a percentage discount of 20%, or by 15% if the provider employs or contracts with a qualified rehabilitation professional	California Welfare and Institutions Code section 14105.48
1(e)(2)	October 1, 2003	The acquisition cost plus a 23% markup	California Welfare and Institutions Code section 14105.48
3	July 1, 2015	As referenced in Attachment 4.19-B, Page 3c, Paragraph Number 3	California Welfare and Institutions Code section 14105.21
4	July 1, 2020	Reimbursement for clinical laboratory or laboratory services shall not exceed the lowest of the following: (1) the amount billed, (2) the charge to the general public, (3) 80% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1st, 2020 for the same or similar services, (4) an amount calculated based on a weighted average of the lowest amount that third-party payers are paying for the same or similar services.	California Welfare and Institutions Code section 14105.22