

**DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST
RELEASE DATE: DECEMBER 6, 2021**

**PROPOSED STATE PLAN AMENDMENT TO EXTEND THE SUPPLEMENTAL
PAYMENT FOR FREESTANDING PEDIATRIC SUBACUTE FACILITIES USING
PROPOSITION 56 TOBACCO TAX FUNDS**

This notice serves to provide information of public interest regarding proposed State Plan Amendment (SPA) 21-0005 that the Department of Health Care Services (DHCS) plans to submit to the federal Centers for Medicare and Medicaid Services (CMS). The proposed SPA will seek to extend the supplemental payment program for Freestanding Pediatric Subacute (FS/PSA) facilities funded by Proposition 56 past the current sunset date of December 31, 2021, effective beginning January 1, 2022.

On November 8, 2016, California voters approved the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56) to increase the excise tax rate on cigarettes and tobacco products. The Legislature appropriates a specified portion of Proposition 56 revenues to DHCS for use as the nonfederal share of health care expenditures in accordance with the annual state budget process, including funds allocated for supplemental payments for FS/PSA facilities.

The supplemental payment amount for FS/PSAs is a fixed amount of \$132.92 for Ventilator and Non-Ventilator services, effective January 1, 2022. Assembly Bill 133 (Chapter 143, Statutes of 2021) enacted as part of the state budget process for the 2021-22 state fiscal year, provides that the reimbursement rates for FS/PSAs shall account for, and be inclusive of, the Proposition 56 supplemental payment, effective August 1, 2021. Thus, for each fiscal year that Proposition 56 funds are appropriated to DHCS to make supplemental payments to FS/PSAs, the supplemental payment amount of \$132.92 will be paid as part of the per diem rates instead of in addition to the per diem rates, subject to federal approval of the FS/PSA reimbursement SPA 21-0059.

DHCS estimates that the extension of the FS/PSA supplemental payments will result in an increase in annual aggregate expenditures of approximately \$8 million in total funds.

The proposed SPA is subject to approval by CMS.

PUBLIC REVIEW AND COMMENTS

Upon submission to CMS, a copy of the proposed SPA 21-0005 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Proposed-2021.aspx>

If you would like to view SPA 21-0005 in person once it becomes available, please visit your local county welfare department. You may also request a copy of SPA 21-0005 using the mailing or email addresses listed below.

Written comments may be sent to the following address:

Department of Health Care Services
Fee-For-Service Rates Development Division
Attn: Long Term Care Section
1501 Capitol Avenue, MS 4600
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA 21-0005 in the subject line or message.

A copy of submitted public comments to SPA 21-0005 may be requested in writing to the mailing address or e-mail inbox identified above.