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

MICHELLE BAASS
DIRECTOR

GAVIN NEWSOM
GOVERNOR

December 8, 2021

Mr. James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

STATE PLAN AMENDMENT 21-0015: SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B COMMUNITY CLINICS

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 21-0015 for your review and approval. This SPA proposes to provide a time-limited supplemental payment program for qualifying non-hospital 340B community clinics, effective January 1, 2022.

Assembly Bill 80 (Chapter 12, Statutes of 2020) authorizes DHCS to implement a payment methodology to provide for supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health center delivery system for Medi-Cal beneficiaries. The supplemental payments will support clinics that apply and certify that they are providing additional level of engagement to integrate, coordinate health care and manage the array of beneficiary health complexities.

SPA 21-0015 has a proposed effective date of January 1, 2022.

Public Notice for SPA 21-0015 was published on February 5, 2021, on the DHCS website. In compliance with the American Recovery and Reinvestment Act of 2009, DHCS routinely notifies Indian Health Programs and Urban Indian Organizations of SPAs that have a direct impact on the programs and organizations. DHCS released the Tribal Notice on February 5, 2021, and moreover held a webinar on February 26, 2021.

DHCS is submitting the following SPA documents for your review and approval:

- CMS 179 - Transmittal and Notice of Approval of State Plan Material
- Supplement 36 to Attachment 4.19-B (New)
- Budget Impact Explanation
- CMS Funding Questions

If you have any questions or need addtional information, please contact Ms. Connie Florez, Chief of Fee-For-Service Rates Development Divison, at (916) 552-9600 or by e-mail at Connie.Florez@dhcs.ca.gov.

Sincerely,

[redacted]

Jacey Cooper
State Medicaid Director
Chief Deputy Director
Health Care Programs

Enclosures

cc: Ms. Lindy Harrington
Deputy Director
Health Care Financing
Department of Health Care Services
Lindy.Harrington@dhcs.ca.gov

Ms. Saralyn M. Ang-Olson, JD, MPP
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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 21-0015

2. STATE: CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION
Title 42 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 $ 39,875,000
b. FFY 2023 $ 39,375,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Supplement 36 to Attachment 4.19-B pages 1-3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
N/A

9. SUBJECT OF AMENDMENT
Supplemental Payment for Non-Hospital 340B Clinics Effective January 1, 2022

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Jacey Cooper

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
December 8, 2021

15. RETURN TO
Department of Health Care Services
Attn: Director's Office
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS
For Box 10 "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment.

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

SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS

A. Amendment Scope and Authority

This amendment authorizes implementation and a payment methodology to provide supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health center delivery system for Medi-Cal beneficiaries. The supplemental payments will support eligible clinics that certify they are providing an additional level of engagement to integrate and coordinate health care services and manage the array of beneficiary health complexities. The supplemental payments will be available to eligible providers for services provided for dates of service from January 1, 2022–June 30, 2022 (program period 1) and July 1, 2022-June 30, 2023 (program period 2).

B. Eligible Non-hospital 340B Centers or Clinics
   1. Non-hospital 340B centers or clinics eligible for the supplemental payment under this amendment are non-hospital 340B centers or clinics that meet the following conditions:
      i. Actively enrolled as a Medi-Cal clinic provider including community clinics, Federally Qualified Health Centers, and Rural Health Clinics.
         1. Licensed under subdivision (a) of Section 1204 of the Health and Safety Code with less than twenty percent (20%) private pay patients according to Office of Statewide Health Planning and Development 2019 utilization or licensed under subdivision (a) of Section 1204 that operate in a designated HRSA rural area or a clinic operated by a city, county, city and county, or hospital authority that is exempt from licensure under subdivision (b) or (c) of Section 1206 of the Health and Safety Code.
      ii. A 340B covered entity pursuant to Section 256b of Title 42 of the United States Code for the entire duration of each applicable program period.
      iii. Actively providing at least three of the following services under (a) or (b):
         a. Pharmacy
            i. Medication management;
            ii. Clinical pharmacy services;
            iii. Immunizations/ vaccines;
            iv. Improving medication compliance;

v. Opioid remediation;
vi. Patient Assistance Program (especially for patients with Emergency Medi-Cal and prescriptions are not covered)

b. Patient support services
i. Case management;
ii. Hard to recruit specialties such as Orthopedics, Urology, Gastroenterology;
iii. Care coordination;
iv. Disease -state programs, such as Infectious Disease, HIV/AIDS;
v. Health education

iv. Submit an application to DHCS demonstrating compliance with items (i) through (iii) of this section.

C. Supplemental Payment Methodology

1. Eligible clinic or center providers will be paid interim supplemental payments for services as set forth in this section. The supplemental payment amounts will be in addition to any other amounts payable to clinic or center providers with respect to those services. The supplemental payments will not impact FQHC or RHC reconciliation of their PPS rate. FQHCs and RHCS will not put their PPS payment at risk by failing to qualify for the supplemental incentive payment.
2. The supplemental payments will be paid per-visit for visits provided by eligible centers or clinics during the program period.
3. The final per-visit supplemental payments will be calculated based on a total pool amount of $52,500,000 divided by the number of visits provided with dates of service from January 1, 2022–June 30, 2022. The supplemental payments will be based on a total pool amount of $105,000,000 divided by the number of visits provided with dates of service from July 1, 2022 to June 30, 2023.

i. An Interim rate determined by dividing the pool amount by historical visits for eligible clinics or centers trended by 5% will be paid during the program period on a per-visit basis.
1. For community clinics, payment will be based on code 521 T1015 SE
2. For FQHCs or RHCs, payment will be based on code 521 T1015 SE
3. For Indian Health Services and Tribal 638 Health Facilities, payment will be based on code 520 T1015.

ii. The final per-visit rate will be calculated no sooner than 90 days after the end of the program period based on actual visits for

eligible clinics or centers during the applicable program period. The department will use the best available data as of 90 days after the end of the program period. No later than 180 days after the end of the program period, the department will complete a reconciliation of interim to final supplemental payment amount.