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State/Territory Name: CA

State Plan Amendment (SPA) #: 23-0035

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages
Financial Management Group

December 19, 2023

Michelle Baass
Director, California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: TN 23-0035

Dear Director Baass:

We have reviewed the proposed California State Plan Amendment (SPA) to Attachment 4.19-B, CA-23-0035, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 29, 2023. This SPA authorizes reimbursement rate increases for primary care, obstetric, and non-specialty mental health services effective for dates of service on or after January 1, 2024.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 303-844-6218 or blake.holt@cms.hhs.gov.

Sincerely,

Todd McMillion
Director
Division of Reimbursement Review

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

**FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

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### 1. TRANSMITTAL NUMBER
23-0035

### 2. STATE
CA

### 3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT
- XIX
- XXI

### 4. PROPOSED EFFECTIVE DATE
January 1, 2024

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

### 6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
- a. FFY 2024 $15,898,800
- b. FFY 2025 $21,198,400

### 7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
- Supplement 29 to Attachment 4.19-B, pages 3W & 3X (new)
- Supplement 39 to Attachment 4.19-B, pages 1-3

### 8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
None

### 9. SUBJECT OF AMENDMENT
Increase Reimbursement Rates for Specified Services, effective January 1, 2024

### 10. GOVERNOR’S REVIEW (Check One)
- OTHER, AS SPECIFIED: Please note: The Governor’s Office does not wish to review the State Plan Amendment.

### 11. SIGNATURE OF STATE AGENCY OFFICIAL
Redacted Signature

### 12. TYPED NAME
Jacey Cooper

### 13. TITLE
State Medicaid Director

### 14. DATE SUBMITTED
September 29, 2023

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

### 16. DATE RECEIVED
September 29, 2023

### 17. DATE APPROVED
December 19, 2023

### 18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2024

### 19. SIGNATURE OF APPROVING OFFICIAL
Redacted Signature

### 20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

### 21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

### 22. REMARKS
- December 18, 2023: State concurs with pen and ink change to Box 7.
STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: California

TARGETED PROVIDER REIMBURSEMENT METHODOLOGY FOR PRIMARY/GENERAL CARE, OBSTETRIC CARE, DOULA, AND NON-SPECIALTY OUTPATIENT MENTAL HEALTH SERVICES

1. Notwithstanding any other provision in this Attachment, effective for dates of service on or after January 1, 2024, the reimbursement methodology in paragraph 3 applies to specified services (identified by HCPCS and CPT codes) within the below categories, as determined by the Department of Health Care Services (DHCS):
   i. Primary/general care services
   ii. Obstetric care services
   iii. Non-specialty outpatient mental health services

The HCPCS and CPT codes eligible for the Targeted Provider Rates and the category assigned to each code are published on the Targeted Rate Increase Fee Schedule at: https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx.

DHCS may modify the eligible code list as necessary, such as to account for changes to coding and billing definitions, and to apply technical corrections. Such modifications will not include adjustment of established rates, without a State Plan amendment or other approval of the Centers for Medicare & Medicaid Services, as applicable.

2. Eligible Providers

   i. Codes identified as primary/general care services pursuant to paragraph 1 and billed using Health Insurance Claim Form (CMS-1500) are eligible for the reimbursement methodology established pursuant to this Supplement only when rendered by the following types of eligible providers:
      a. Physicians
      b. Physician Assistants
      c. Nurse Practitioners
      d. Podiatrists
      e. Certified Nurse Midwife
      f. Licensed Midwives

TN: 23-0035
Supersedes
TN: None
Approval Date December 19, 2023 Effective Date: January 1, 2024
g. Doula Providers
h. Psychologists
i. Licensed Professional Clinical Counselor
j. Licensed Clinical Social Worker
k. Marriage and Family Therapist

ii. Codes identified as obstetric care services and non-specialty outpatient mental health services pursuant to paragraph 1 are eligible for the reimbursement methodology established pursuant to this Supplement when billed or rendered by an eligible provider.

iii. Notwithstanding paragraphs 2.i and 2.ii, codes for which an assistant surgeon procedure type is established on the Medi-Cal Fee Schedule as of December 31, 2023 (identified as procedure type “O”) are not eligible for the reimbursement methodology established pursuant to this Supplement when billed or rendered by an Assistant Surgeon.

3. For dates of service on or after January 1, 2024, reimbursement rates for codes identified pursuant to paragraph 1, rendered by eligible providers specified in paragraph 2, will be established pursuant to the Targeted Rate Increase Fee Schedule and adjusted as follows:
   i. 39.7% payment augmentation for specified physicians' services provided in the California Children's Services (CCS) program, pursuant to Title 22 of the California Code of Regulations § 51503(l) as that section read on December 31, 2023. Applicable procedure codes are specified on the Targeted Rate Increase Fee Schedule.
   ii. 20% payment reduction for certain procedures performed in outpatient facilities pursuant to Title 22 of the California Code of Regulations § 51503(g)(1) and (2) as that section read on December 31, 2023. Applicable procedure codes are specified on the Targeted Rate Increase Fee Schedule.
   iii. Reimbursement rates in accordance with this paragraph are not eligible for any further supplemental payments, rate increases, or fee schedule adjustments including, but not limited to, alternative conversion factors established on the Medi-Cal Fee Schedule, supplemental payments authorized in Attachment 4.19-B, Supplement 27, page 4, paragraph D, and payment reductions authorized in Attachment 4.19-B, pages 3.1 through 3.4.

4. Notwithstanding the reimbursement methodology described in this Supplement, for dates of service on or after January 1, 2024, eligible providers specified in
paragraph 2 will be reimbursed no less than the net reimbursement amount, inclusive of any supplemental payments, authorized pursuant to the California Medicaid State Plan in effect on December 31, 2023.

5. Except as otherwise noted in the State Plan, state-developed fee schedule rates are the same for both governmental and private providers. All Medi-Cal Fee-For-Service rates, including the Targeted Provider Rates, are published at: [https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates](https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates). The Targeted Rate Increase Fee Schedule may be temporarily posted on [https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx](https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx) until necessary system changes are made to display the Targeted Provider Rates on the main Medi-Cal Fee Schedule.