



JENNIFER KENT  
*Director*

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



EDMUND G. BROWN JR.  
*Governor*

September 25, 2017

Ms. Henrietta Sam-Louie  
Associate Regional IX Administrator  
Division of Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

Dear Ms. Sam-Louie:

Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 17-032 for your review and approval. This SPA adds a process for determining if and when the Policy Adjustor-Neonatal Intensive Care Unit (NICU) Surgery will apply to hospitals reimbursed under the Diagnosis Related Group (DRG) methodology when California Children's services (CCS) determines the DRG hospital qualifies as Regional NICU or as Community NICU.

No tribal consultation was required for SPA 17-032.

The Public Notice was published on August 14, 2017.

SPA 17-032 will be effective August 14, 2017.

If you have any questions regarding the SPA, please contact Maria Jaya, Chief, Diagnosis Related Group Section, Safety Net Financing Division, at (916) 552-9317 or via e-mail at [Maria.Jaya@dhcs.ca.gov](mailto:Maria.Jaya@dhcs.ca.gov).

ORIGINAL SIGNED

Enclosures

cc: See next page

Ms. Sam-Louie  
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cc: Lindy Harrington, Deputy Director  
Health Care Financing  
Department of Health Care Services  
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Maria Jaya, Chief  
Diagnosis Related Group Section  
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[Maria.Jaya@dhcs.ca.gov](mailto:Maria.Jaya@dhcs.ca.gov)

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

1. TRANSMITTAL NUMBER:  
**17-032**

2. STATE  
**CA**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**August 14, 2017**

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

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*)

6. FEDERAL STATUTE/REGULATION CITATION:  
**42 CFR Part 447, Subpart C. 1902(a)(13) of the Act**

7. FEDERAL BUDGET IMPACT:  
a. FFY 2016                      \$0  
b. FFY 2017                      \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
**Appendix 6 to Attachment 4.19A, pages 3-4a**

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):  
**Appendix 6 to Attachment 4.19A, pages 3-4a**

10. SUBJECT OF AMENDMENT:

Inpatient Hospital APR-DRG updates for SFY 2017-18

11. 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:  
The Governor's Office does not  
wish to review the State Plan Amendment.

ORIGINAL SIGNED

15. DATE SUBMITTED:  
9/25/2017

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

J7193/J7194/J7195	Blood factor IX
J7197	Blood factor Anti-thrombin III
J7198	Blood factor Anti-inhibitor
C9134	Blood Factor XIII Antihemophilic factor
J7199	Alprolix and Factor VIII
Long Acting Reversible Contraception Methods	
J7300	Intrauterine Copper (Paraguard)
J7301	Skyla
J7302	Levonorgestral-releasing intrauterine contraceptive system (Mirena)
J7307	Etonogestrel (Implanon, Nexplanon)

**1. List of Hospitals Eligible to receive the “Policy Adjustor – NICU Surgery”**

A. Hospitals approved to receive Policy Adjustor – NICU Surgery, status as of August 15, 2017:

- 1) California Pacific Medical Center - Pacific
- 2) Cedars Sinai Medical Center
- 3) Children’s Hospital & Research Center of Oakland (UCSF Benioff Oakland)
- 4) Children’s Hospital of Central California
- 5) Children’s Hospital of Los Angeles
- 6) Children’s Hospital of Orange County
- 7) Citrus Valley Medical Central – Queen of the Valley
- 8) Community Memorial Hospital of Santa Buena Ventura
- 9) Community Regional Medical Center Fresno
- 10) Good Samaritan – Los Angeles
- 11) Good Samaritan - San Jose
- 12) Huntington Memorial Hospital
- 13) Kaiser Anaheim
- 14) Kaiser Downey
- 15) Kaiser Fontana
- 16) Kaiser Foundation Hospital - Los Angeles
- 17) Kaiser Permanente Medical Center - Oakland
- 18) Kaiser Foundation Hospital – Roseville
- 19) Kaiser Permanente – Santa Clara
- 20) Kaiser Foundation Hospital San Diego
- 21) Loma Linda University Medical Center
- 22) Lucille Salter Packard Children’s Hospital – Stanford
- 23) Miller Children’s at Long Beach Memorial Medical Center
- 24) Pomona Valley Hospital Medical Center
- 25) Providence Tarzana
- 26) Rady Children’s Hospital - San Diego
- 27) Santa Barbara Cottage Hospital
- 28) Sutter Memorial Hospital
- 29) White Memorial Medical Center

B. For purposes of receiving the Policy Adjustor – NICU Surgery, the hospital listed in Paragraph 3.A must:

- 1) Be performing services assigned to the neonate care category;
- 2) Have been approved by California Children’s Services (CCS) and continue to meet the standards of either a Regional NICU as defined in the CCS Manual of Procedures Chapter 3.25.1 or a Community NICU with a neonatal surgery as defined in Chapter 3.25.2;
- 3) Have been approved by CCS and continue to meet the neonatal surgery standards set forth in CCS Manual of Procedures Chapter 3.34;
- 4) Pass periodic CCS review. Hospital review may be conducted annually or as deemed necessary by CCS. These reviews will determine whether the hospital continues to meet all applicable neonatal surgery standards.

C. A hospital not yet listed in Paragraph 3.A may receive the Policy Adjustor – NICU Surgery if the hospital complies with Paragraph 3.B and the process set forth in this Paragraph.

- 1) Submit a Policy Adjustor – NICU Surgery Request (Request) and supporting documentation for DHCS review, which shall include the following:
  - i. A copy of the hospital license issued by the Licensing & Certification of the California Department of Public Health showing that the hospital has been licensed as:
    1. An acute general hospital under section 70003, 70005; and
    2. An intensive care newborn nursery (ICNN)
  - ii. A copy of the CCS approval documentation in the format promulgated by CCS granting NICU Surgery approval
- 2) Once the DHCS has received the completed Request, the Request will be reviewed within 30 calendar days of the date the Request was received, if possible.
- 3) DHCS shall promptly notify the hospital if the review and determination of the Request will take longer than 30 calendar days, if needed or if the Request will not be approved.

- 4) Upon DHCS' approval of the Request, the hospital will qualify to receive the Policy Adjustor-NICU Surgery beginning next fiscal quarter. Approved eligible hospitals do not need to be listed in Paragraph 3.A to start receiving the Policy Adjustor-NICU Surgery. DHCS will continue to add the eligible hospitals to the Paragraph 3.A list to keep the list accurate.
  - 5) DHCS will promptly notify the hospital once it has approved or rejected the Request.
  - 6) Hospitals already on the Paragraph 3.A list that maintain their Paragraph 3.B obligations will not need to go through the Request process in Paragraph 3.C.
- D. If the CCS NICU-surgery approval/status of a hospital is revoked or otherwise terminated, then that hospital will not receive the Policy Adjustor – NICU Surgery, effective the date approval/status ceases. Removal from the Paragraph 3.A list for failure to meet CCS NICU-surgery standards is not a prerequisite to no longer qualify to receive the Policy Adjustor – NICU Surgery. Once the CCS NICU-surgery approval/status of a hospital on the Paragraph 3.A list is revoked or otherwise terminated, the hospital will subsequently be removed from the list. Being listed in the State Plan does not guarantee payment of the Policy Adjustor – NICU Surgery. In the event that a hospital remains listed, but has otherwise been deemed to have lost its neonatal surgery approval/status, it will not receive the Policy Adjustor – NICU Surgery. If a hospital went through the Section C process but loses the CCS NICU-surgery approval/status, then the hospital will not receive the Policy Adjustor – NICU Surgery effective the date of revocation or termination.