DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850

Financial Management Group

June 11, 2019

Mari Cantwell
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: California State Plan Amendment 19-0024

Dear Ms. Cantwell:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 19-0024. This amendment, effective July 1, 2019, provides that Non-Designated Public Hospital Supplemental Fund Program inpatient hospital supplemental payments will continue to be made to eligible hospitals for one additional program year from July 1, 2019 to June 30, 2020.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 19-0024 is approved effective July 1, 2019. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Blake Holt at (415) 744-3754.

Sincerely,

Kristin Fan
Director

Enclosures

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: 1 9 — 0 0 24

2. STATE: California

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: July 1, 2019

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 447 Subpart C

7. FEDERAL BUDGET IMPACT
a. FFY 2019 $ 475,000
b. FFY 2020 $ 1,425,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 2 to Attachment 4.19-A, pages 7-9

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Supplement 2 to Attachment 4.19-A, pages 7-9

10. SUBJECT OF AMENDMENT
SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED PUBLIC HOSPITALS

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

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]

13. TYPED NAME: Mari Cantwell

14. TITLE: State Medicaid Director

15. DATE SUBMITTED: June 5, 2019

16. RETURN TO
Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: JUN 11 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2019

20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMG

23. REMARKS

For Box 11 "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 REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED PUBLIC HOSPITALS

This segment of the State Plan describes an enhanced Medi-Cal payment for non-designated public hospitals that have a need for assistance in ensuring the availability of essential services for Medi-Cal beneficiaries, and that meet the requirements in Sections A and B below.

The Non-Designated Public Hospital (NDPH) Supplemental Fund program (Fund) was established under a Social Security Act (SSA) section 1915(b) waiver (and starting in 2005 under a SSA section 1115(a) Medicaid Demonstration) granting the Department of Health Care Services (DHCS) authority to make NDPH supplemental payments to hospitals participating in the Medi-Cal Selective Provider Contracting Program (SPCP). The SPCP for the NDPHs ended on December 31, 2013. This section of Attachment 4.19-A is written to continue DHCS' federal authority to provide supplemental reimbursement payments to NDPHs participating in the NDPH Supplemental Fund Program.

The SPA effective date is July 1, 2019.

A. DEFINITION OF A NON-DESIGNATED PUBLIC HOSPITAL

A non-designated public hospital is defined as a facility that is a public hospital defined in paragraph (25), of subdivision (a) of section 14105.98 of the Welfare & Institutions Code, as the law was in effect on July 1, 2019, excluding designated public hospitals as defined in subdivision (d) of section 14166.1 of the Welfare & Institutions Code.

B. DEFINITION OF AN ELIGIBLE NON-DESIGNATED PUBLIC HOSPITAL

An eligible hospital is a NDPH that is Medi-Cal certified, had its SPCP contract inactivated on January 1, 2014, and that meets the criteria in paragraph (1) below:

1. The hospital meets all of the following criteria:

    a. The hospital meets the criteria contained in the Medicaid State Plan for Disproportionate Share Hospital (DSH) status.

    b. The hospital is one of the following:

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

SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED PUBLIC HOSPITALS

i. A licensed provider of basic emergency services as described in section 70411 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2019.

ii. A licensed provider of comprehensive emergency medical services as defined in section 70451 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2019.

iii. The hospital is a licensed provider of standby emergency services as described in section 70649 of title 22 of the California Code of Regulations, as the regulation was in effect on July 1, 2019, and the hospital is a small and rural hospital as defined in section 124840 of the Health and Safety Code, as the law was in effect on July 1, 2019.

C. PAYMENT METHODOLOGY FOR ELIGIBLE NON-DESIGNATED PUBLIC HOSPITALS:

1. Supplemental reimbursement provided by this program will be distributed under a payment methodology based on hospital services provided to Medi-Cal patients at the eligible hospital. The payment methodology for State Fiscal Year (SFY) 2019-20 will be as described below; payment methodology for subsequent years will be submitted by DHCS via a revised State Plan Amendment:

   a. DHCS shall identify DSH eligible hospitals for the applicable fiscal year from the Final DSH Eligibility List adopted by DHCS.

   b. The aggregate supplemental payment amount of $3,800,000, will be paid to hospitals on April 1, 2020 for SFY 2019-20 or as soon thereafter as practicable but no later than the end of the respective state fiscal year, as follows:

      i. If the hospital is eligible to participate in the SFY 2019-20 supplemental program and also participated in the SFY 2018-19 supplemental program, the funding that hospital

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

SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED PUBLIC HOSPITALS

received in SFY 2018-19 will be its amount for the SFY 2019-20 program.

ii. If the hospital is eligible to participate in the SFY 2019-20 program, but did not participate in the SFY 2018-19 program, then its amount will be the payment it received in the most recent year in which it participated.

iii. For any hospital eligible to participate in the SFY 2019-20 that has not previously been eligible to participate in NDPH supplemental payment distributions, an amount of $50,000 will be paid to the hospital for services rendered in SFY 2019-20.

iv. If the fund balance is lower than the amount needed to pay after paragraph C.1.b.i., ii., and iii is determined, then a pro rata reduction will be applied to all SFY 2019-20 eligible hospitals. If the fund balance is higher than the amounts in paragraph C.1.b.i., ii., and iii, then DHCS will pro-rate any remaining funds to the SFY 2019-20 eligible hospitals.

D. DEPARTMENT'S RESPONSIBILITIES

1. Aggregate Medi-Cal reimbursement provided to non-designated public hospitals will not exceed applicable federal upper payment limits, including title 42 Code of Federal Regulations sections 447.271 and 447.272.