

**DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST**

RELEASE DATE: June 28, 2019

**PROPOSED STATE PLAN AMENDMENT TO PROVIDE ONE-TIME, SUBACUTE
SUPPLEMENTAL PAYMENTS FOR A SPECIFIED CATEGORY OF PROVIDERS
THAT RECEIVED FEE-FOR-SERVICE PAYMENTS IN THE HOSPITAL QUALITY
ASSURANCE FEE PROGRAM FOR PRIVATE HOSPITAL INPATIENT SUBACUTE
SERVICES**

This notice provides information of public interest with respect to proposed State Plan Amendment (SPA) 19-0035. Proposed SPA 19-0035 will provide a one-time supplemental payment for eligible providers that received fee-for-service (FFS) payments from the subacute subpool under approved SPA 14-001. Approved by the federal Centers for Medicare and Medicaid Services (CMS), SPA 14-001 authorized supplemental payments to eligible California private hospitals for hospital inpatient services provided to Medi-Cal beneficiaries during the service period of January 1, 2014 through December 31, 2016. The nonfederal share of these supplemental payments is funded by California's Hospital Quality Assurance Fee (HQAF), in accordance with Section 3.5 of Article XVI of the California Constitution and the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (California Welfare and Institutions (W&I) Code section 14169.50, et. seq.).

The Department of Health Care Services (DHCS) has discovered an inconsistency with the language in approved SPA 14-001 as compared to language in controlling statute under W&I Code section 14169.55(b)(6). Specifically, approved SPA 14-001 includes an eligibility limitation for supplemental payments from the FFS subacute payment subpool based on a hospital's Medicaid inpatient utilization rate (MIUR) percentage. This particular limitation is no longer reflected in the controlling statute nor in the federally approved health care-related tax program for this period. Consequently, certain eligible providers received payments in excess of amounts authorized in the State Plan.

DHCS proposes SPA 19-0035 to allow a one-time, supplemental payment program to offset the overpayment amount previously paid to affected providers. A provider that is not considered closed as defined under W&I Code 14169.61(b) would be eligible to participate only if the provider received subacute FFS payment overpayments during an applicable SPA 14-001 timeframe and the provider is currently enrolled in the Medi-Cal program and submits a claim during the respective claiming period. The supplemental payment amount attributable to each eligible provider shall be equal to the amount the provider was overpaid during the SPA 14-001 timeframe. The supplemental payments to hospitals would be up to the aggregate upper payment limit for the period of July 1, 2019 through June 30, 2020. The proposed SPA would allow payments to be made on quarterly basis throughout the program year.

The proposed SPA is estimated to increase aggregate expenditures by \$220,702,265.77 million dollars.

The effective date of the proposed SPA is July 1, 2019. The proposed SPA is subject to approval by CMS.

PUBLIC REVIEW AND COMMENTS

Upon submission to CMS, copies of proposed SPA 19-0035 will be published at: https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending_2019.aspx

If you would like to view the SPA in person, once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA19-0035 using the mailing address or email listed below.

Written comments may be sent to the following address:

Department of Health Care Services
Safety Net Financing Division
1501 Capitol Avenue, MS 4504
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate 19-0035 in the subject line or message.

For a copy of submitted public comments related to 19-0035, please send a request in writing to the address or email inbox identified above.