

## **DEPARTMENT OF HEALTH CARE SERVICES**

### **NOTICE OF GENERAL PUBLIC INTEREST AND REQUEST FOR PUBLIC INPUT ON STATE PLAN AMENDMENT 20-0003, WHICH PROPOSES TO ADJUST THE MEDI-CAL FEE-FOR-SERVICE REIMBURSEMENT RATES FOR CLINICAL LABORATORY SERVICES**

This notice serves to provide information of public interest that the Department of Health Care Services (DHCS) is seeking federal authority to adjust certain Medi-Cal Fee-For-Service (FFS) reimbursement rates for clinical laboratory services. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed State Plan Amendment (SPA) 20-0003, which is attached below.

DHCS plans to submit SPA 20-0003 to the federal Centers for Medicare & Medicaid Services (CMS) to obtain federal approval to adjust the reimbursement rates in accordance with Welfare and Institutions Code section 14105.22, which provides that reimbursement for clinical laboratory or laboratory services may not exceed 80 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services. Accordingly, DHCS plans to reduce Clinical Laboratory rates, if any, exceeding 80 percent of the corresponding Medicare rate to 80 percent of the Medicare rate for the same or similar service, effective January 1, 2020. The proposed rate adjustment will be based on the most recent corresponding Medicare rates published at the time of submission.

The proposed SPA is subject to approval by CMS.

DHCS estimates that the annual aggregate Medi-Cal expenditures for affected Clinical Laboratory rates will decrease by approximately \$1.3 million in total funds based on the most recent available data.

#### **Public Review and Comments**

The proposed changes included in draft SPA 20-0003 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of proposed SPA 20-0003 will be published at:

[https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending\\_2020.aspx](https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending_2020.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 the proposed SPA or a copy of submitted public comments related to SPA 20-0003 by requesting it in writing to the mailing address or e-mail address below. Please indicate SPA 20-0003 in the subject line or message.

Any written comments may be sent to: Department of Health Care Services, Fee-For-Service Rate Development Division, 1501 Capitol Avenue, MS 4600, Sacramento, California 95899, or may be emailed to [Publicinput@dhcs.ca.gov](mailto:Publicinput@dhcs.ca.gov). Please indicate SPA 20-0003 in the subject line or message. To ensure consideration prior to submission of the SPA to CMS, comments must be received no later than 5 p.m. on January 13, 2020.

Please note that comments will continue to be accepted after January 13, 2020, but DHCS may not be able to consider those comments prior to the initial submission of SPA 20-0003 to CMS.

Release date: December 13, 2019

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

4. Reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, paragraph 3, entitled "Laboratory, Radiological, and Radioisotope Services," will be developed by the Department of Health Care services (DHCS) using the following methodology:
  - a) Reimbursement rates for clinical laboratory or laboratory services shall be set at no more than 80 percent of the maximum allowance established by the federal Medicare Program for the same or similar services.
  - b) The ten percent payment reduction included in 4.19-B, page 3.3, paragraph (13) shall apply to the new rates calculated using the methodology described in this paragraph.
  - c) The Department's fee schedule rates are set as of January 1, 2020 and are effective for services provided on or after that date. All rates for clinical laboratories and laboratory services are published at: <http://files.medi-cal.ca.gov/pubsdoco/rates/rateshome.asp>

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Reimbursement Methodology Table

| Paragraph | Effective Date  | Percentage/Methodology  | Authority   |
|-----------|-----------------|---|---|
| 1(d)(3)   | January 1, 2004 | The manufacturer's suggested retail purchase price reduced by a percentage discount of 20%, or by 15% if the provider employs or contracts with a qualified rehabilitation professional | California Welfare and Institutions Code section 14105.48 |
| 1(e)(2)   | October 1, 2003 | The acquisition cost plus a 23% markup  | California Welfare and Institutions Code section 14105.48 |
| 3         | July 1, 2015    | As referenced in Attachment 4.19-B, Page 3c, Paragraph Number 3   | California Welfare and Institutions Code section 14105.21 |
| 4         | January 1, 2020 | Rates shall be set at no more than 80% of the maximum allowance established by the federal Medicare Program for the same or similar services.   | California Welfare and Institutions Code section 14105.22 |