DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST
RELEASE DATE: DECEMBER 31, 2019

NOTICE OF GENERAL PUBLIC INTEREST AND REQUEST FOR PUBLIC INPUT ON STATE PLAN AMENDMENT 20-0005, WHICH PROPOSES TO ADJUST THE MEDI-CAL FEE-FOR-SERVICE REIMBURSEMENT RATES FOR DURABLE MEDICAL EQUIPMENT

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA is seeking federal authority to adjust certain Medi-Cal Fee-For-Service (FFS) reimbursement rates for Durable Medical Equipment (DME). DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning the proposed State Plan Amendment (SPA) 20-0005, which is attached.

DHCS plans to submit to the federal Centers for Medicare & Medicaid (CMS) SPA 20-0005 to adjust Medi-Cal FFS rates for certain DME items. Specifically, DME rates, except for wheelchairs; wheelchair accessories; and speech-generating devices and related accessories, will not exceed 80 percent of the corresponding Medicare rate as provided in the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies. Rates for wheelchairs, wheelchair accessories, and speech-generating devices and related accessories will not exceed 100 percent of the corresponding Medicare rate as provided in the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies.

Effective January 1, 2020, SPA 20-0005 proposes to adjust the Medi-Cal FFS rates for DME services that exceed 80 percent of the corresponding Medicare rural rate, and rates for wheelchairs, wheelchair accessories, and speech-generating devices and related accessories that exceed 100 percent of the corresponding Medicare rural rate.

The proposed SPA is subject to approval by CMS.

DHCS estimates that the annual aggregate Medi-Cal expenditures for affected DME rates will decrease by approximately $1.4 million in total funds based on the most recent available data.

PUBLIC REVIEW AND COMMENTS

The proposed changes included in draft SPA #20-0005 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 the proposed SPA #20-0005 will be published at the following internet address:

https://www.dhcs.ca.gov/formsandpubs/laws/Pages/PendingStatePlanAmendments.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 SPA #20-0005 or a copy of submitted public comments related to SPA #20-0005 by requesting it in writing to the mailing or email addresses listed below. Please indicate SPA #20-0005 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Fee-For-Service Rates Development Division
Attn: Provider Rates Section
P.O. Box 997413, MS 4600
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #20-0005 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than January 30, 2020. Please note that comments will continue to be accepted after January 30, 2020, but DHCS may not be able to consider those comments prior to the initial submission of SPA #20-0005 to CMS.

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

A. Non- institutional services for governmental and private providers listed in Supplement 17 of Attachment 4. 19- Bare reimbursed the same using the methodology set forth in paragraph (C).

B. The State Agency's rates for the services listed in Supplement 17 were posted as of January 1, 2020, and are effective for dates of services on or after that date. The rates for these services are posted on the Medi-Cal Rates website at: http://files.medi-cal.ca.gov/pubsdoco/rates/rateshome.asp

C. The policy of the State Agency is that reimbursement for each of the other types of care or service listed in Section 1905(a) of the Act that are included in the program under the plan will be at the lesser of usual charges or the limits specified in the California Code of Regulations(CCR), Title 22, Division 3, Chapter 3, Article 7 (commencing with Section 51501) and CCR, Title 17, Chapter 4, Subchapter 13, Sections 6800-6874, for EPSDT health assessment services, or as specified by any other means authorized by state law.

1. The methodology utilized by the State Agency in establishing payment rates will be as follows:

   a) The development of an evidentiary base or rate study resulting in the determination of a proposed rate.

   b) To the extent required by State or Federal law or regulations, the presentation of the proposed rate at public hearing to gather public input to the rate determination process.

   c) The determination of a payment rate based on an evidentiary base, including pertinent input from the public.

   d) The establishment of the payment rate through the State Agency's adoption of regulations specifying such rate in the CCR, Title 22, Division 3, Chapter 3, Article 7 (commencing with Section 51501), and CCR, Title 17, Chapter 4, Subchapter 13, commencing with Section 6868, Schedule of Maximum Allowances for EPSDT health assessment, or through any other means authorized by State law

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

REIMBURSEMENT METHODOLOGY FOR ESTABLISHING REIMBURSEMENT RATES FOR DURABLE MEDICAL EQUIPMENT, ORTHOTIC AND PROSTHETIC APPLIANCES, AND LABORATORY SERVICES

1. The methodology utilized by the State Agency in establishing reimbursement rates for durable medical equipment as described in State Plan Attachment 3.1-A, paragraph 2a, entitled "Hospital Outpatient Department Services and Organized Outpatient Clinic Services", and Paragraph 7c.2, entitled "Home Health Services Durable Medical Equipment", will be as follows:

   (a) Reimbursement for the rental or purchase of durable medical equipment with a specified maximum allowable rate established by Medicare, except wheelchairs, wheelchair accessories, wheelchair replacement parts, and speech-generating devices and related accessories, shall be the lesser of the following:

      (1) The amount billed in accordance with California Code of Regulations, Title 22, section 51008.1, entitled "Upper Billing Limit", that states that bills submitted shall not exceed an amount that is the lesser of the usual charges made to the general public or the net purchase price of the item (as documented in the provider's books and records), plus no more than a 100 percent mark-up. (Refer to Reimbursement Methodology table at page 3e.)

      (2) Effective January 1, 2020, reimbursement rates will not exceed 80 percent of the allowable rate for California established by the federal Medicare program for the same or similar item or service, as provided under the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies. (Refer to Reimbursement Methodology Table at page 3e.)

   (b) Reimbursement for the rental or purchase of a wheelchair, wheelchair accessories, wheelchair replacement parts, and speech-generating devices and related accessories, with a specified maximum allowable rate established by Medicare shall be the lowest of the following:

      (1) The amount billed in accordance with California Code of Regulations, Title 22, Section 51008.1 entitled "Upper Billing Limit", that states that bills submitted shall not exceed an amount that is the lesser of the usual charges made to the general public, or the net purchase price of the item (as documented in the provider's books and records), plus no more than 100 percent mark-up. (Refer to Reimbursement Methodology Table at page 3e.)

(2) Effective January 1, 2020, reimbursement rates will not exceed 100 percent of the allowable rate for California established by the federal Medicare program for the same or similar item or service, as provided under the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies. (Refer to Reimbursement Methodology Table at page 3e.)

(c) Reimbursement for the rental or purchase of all durable medical equipment billed to the Medi-Cal program utilizing HCPCS codes with no specified maximum allowable rate (either non- covered by Medicare or Medicare did not establish a reimbursement rate), except wheelchairs, wheelchair accessories, and wheelchair replacement parts, shall be the lowest of the following:

(1) The amount billed in accordance with California Code of Regulations, Title 22, section 51008.1 entitled "Upper Billing Limit", that states that bills submitted shall not exceed an amount that is the lesser of the usual charges made to the general public, or the net purchase price of the item, (as documented in the provider's books and records) plus no more than 100 percent mark-up. (Refer to Reimbursement Methodology Table at page 3e.)

(2) The actual acquisition cost plus a markup to be established by the State Agency based on rate studies and periodic reviews to provide a reasonable reimbursement and maintain adequate access to care. (Refer to Reimbursement Methodology Table at page 3e.)

(3) The manufacturer's suggested retail purchase price, documented by a printed catalog or hard copy of an electronic catalog page published on a date defined by Welfare and Institution Code section 14105.48, reduced by a percentage discount of 20 percent. (Refer to Reimbursement Methodology Table at page 3e.)

(d) Reimbursement for the rental or purchase of wheelchairs, wheelchair accessories, and wheelchair replacement parts billed to the Medi-Cal program utilizing codes with no specified maximum allowable rate (either non-covered by Medicare or Medicare did not establish a reimbursement rate) shall be the lowest of the following:

(1) The amount billed in accordance with California Code of Regulations, Title 22, section 51008.1 entitled "Upper Billing Limit", that states that bills submitted shall not exceed an amount that is the lesser of the usual charges made to the general public, or the net purchase price of the item, (as documented in the provider's books and records) plus no more than

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

100 percent mark-up. (Refer to Reimbursement Methodology Table at page 3e.)

(2) The actual acquisition cost plus a markup to be established by the State Agency based on rate studies and periodic review to assure adequate reimbursement and access to care. (Refer to Reimbursement Methodology Table at page 3e.)

(3) The manufacturer's suggested retail purchase price, documented by a printed catalog or a hard copy of an electronic catalog page published on a date defined by Welfare and Institutions Code section 14105.48, reduced by a percentage discount of 20 percent, or by 15 percent if the provider employs or contracts with a qualified rehabilitation professional. (Refer to Reimbursement Methodology at page 3f.)

(e) Reimbursement for the purchase of all durable medical equipment supplies and accessories without a specified maximum allowable rate (either non-covered by Medicare or Medicare did not establish a reimbursement rate), and which are not described in subparagraphs (a)-(d) above, shall be the lesser of the following;

(1) The amount billed in accordance with California Code of Regulations, Title 22, section 51008.1 entitled (**"**Upper Billing Limit", that states that bills submitted shall not exceed an amount that is the lesser of the usual charges made to the general public, or the net purchase price of the item (as documented in the provider's books and records) plus no more than 100 percent mark-up. (Refer to Reimbursement Methodology Table at page 3e.)

(2) The acquisition cost for the item, plus a 23 percent markup. (Refer to Reimbursement Methodology Table at page 3f.)

2. Except as otherwise noted in the State Plan, state-developed fee schedule rates established in accordance with Attachment 4.19-B, beginning on page 3a, are the same for both governmental and private providers of DME and the fee schedule.

3. Except as otherwise noted in the State Plan, state-developed fee schedules are the same for both governmental and private providers of prosthetic and orthotic appliances as described in State Plan Attachment 3.1-A, paragraph 12c, entitled "Prosthetic and Orthotic Appliances."

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

Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
1(a)(1), (b)(1), (c)(1), (d)(1), (e)(1)	August 28, 2013	No more than 100 percent markup	California Code of Regulations, title 22, section 51008.1
1(a)(2)	January 1, 2020	Does not exceed 80% of the allowable rate for California established by the federal Medicare program for the same or similar item or service, as provided under the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies	California Welfare and Institutions Code section 14105.48
1(b)(2)	January 1, 2020	Does not exceed 100% of the allowable rate for California established by the federal Medicare program for the same or similar item or service, as provided under the Medicare rural fee schedule for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies	California of Welfare and Institutions Code section 14105.48
1(c)(2)	November 1, 2003	The acquisition cost plus a 67% markup	Rate Study
1(c)(3)	November 1, 2003	The manufacturer's suggested retail purchase price reduced by percentage discount of 20%	California Welfare and Institutions Code section 14105.48
1(d)(2)	January 1, 2004	The acquisition cost plus a 67% markup	Rate Study

Reimbursement Methodology Table

Paragraph	Effective Date	Percentage/Methodology	Authority
l (d)(3)	January l, 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
l (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	July 1, 2015	Rates calculated using a weighted average, based on submitted third-party payer rate and utilization data. The new rate calculated above shall not exceed 80% of the lowest maximum allowance for California established by Medicare for the same or similar services.	California Welfare and Institutions Code section 14105.22