

September 25, 2024

THIS LETTER SENT VIA EMAIL

Mr. James G. Scott, Director
Division of Program Operations
Medicaid and CHIP Operations Group
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 0300
Kansas City, MO 64106-2898

STATE PLAN AMENDMENT 24-0045: EXTENSION OF SUPPLEMENTAL PAYMENT
FOR NON-HOSPITAL 340B CLINICS

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 24-0045 for your review and approval. This SPA proposes to extend a time-limited supplemental payment program for qualifying non-hospital 340B community clinics. DHCS seeks an effective date of July 1, 2024, through December 31, 2024.

Assembly Bill 80 (Chapter 12, Statutes of 2020) authorizes DHCS to implement a payment methodology to provide supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health care delivery system for Medi-Cal beneficiaries. The supplemental payments will support clinics that apply and certify that they are providing additional levels of engagement to integrate, coordinate health care, and manage the array of beneficiary health complexities.

A notice of Public Interest and Request for Public Input for SPA 24-0045 was published on June 27, 2024, on the DHCS website. DHCS requested public comments by July 29, 2024. One public comment was received, and no concerns regarding access were raised. In compliance with the American Recovery and Reinvestment Act of 2009, DHCS routinely notifies Indian Health Programs and Urban Indian Organizations of SPAs that have a direct impact on the program Organizations. The Tribal Notice for this SPA was sent on August 18, 2024, and the Tribal Webinar was held on August 26, 2024.

DHCS is submitting the following SPA documents for your review and approve:

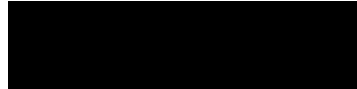
- CMS 179 form
- Attachment 4.19-B, pages 6AA0 – 6AA4 – (redline and clean)

Mr. Scott
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- Supplement 36 to Attachment 4.19-B – (redline and clean)
- Budget Impact Statement
- Standard Funding Questions

If you have any questions or need additional information, please contact Mr. Aditya Voleti, Chief, Fee-For-Service Rates Development Division, at (916) 345-8717.

Sincerely,



Tyler Sadwith
State Medicaid Director

Enclosures

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**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT *(If Applicable)*

9. SUBJECT OF AMENDMENT

10. 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:

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

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

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

Z. ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS.

In order for the APM methodology to be used, the following statutory requirements must be met. First, the APM must be agreed to by the State and by each individual FQHC/RHC to which the State wishes to apply the methodology. Second, the methodology must result in a payment to the FQHC/RHC that is at least equal to the amount to which the FQHC/RHC is entitled under Medicaid BIPA PPS rate.

1. The APM will support eligible centers that certify they are providing an additional level of engagement to integrate and coordinate health care services and manage the array of beneficiary health complexities.
2. APM Pilot Term: The APM will be available to eligible centers for services provided for dates of service from January 1, 2022 – June 30, 2022 (program period 1), July 1, 2022 – June 30, 2023 (program period 2), July 1, 2023 – June 30, 2024 (program period 3), and July 1, 2024 – December 31, 2024 (program period 4).
3. Eligible Providers:
 - A. Non-hospital 340B centers eligible for the supplemental payment under this amendment are non-hospital 340B centers reimbursed under 1905(l)(2) that meet the following conditions:
 - i. Actively enrolled as a Medi-Cal provider.
A licensed clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. with less than twenty percent (20%) private pay patients according to California Department of Health Care Access and Information 2022 utilization or licensed under subdivision (a) of Section 1204 that operate in a designated HRSA rural area or an exemption from licensure clinic operated by a city, county, city and county, or hospital authority or an exempt from licensure clinic operated by a federally recognized Indian tribe or tribal organization.
 - ii. A 340B covered entity pursuant to Section 256b of Title 42 of the United States Code for the entire duration of each applicable program period.

- iii. Actively providing at least three of the following services under (a) or (b):
 - a. Pharmacy
 - i. Medication management;
 - ii. Clinical pharmacy services;
 - iii. Immunizations/ vaccines;
 - iv. Improving medication compliance;
 - v. Opioid remediation;
 - vi. Patient Assistance Program (especially for patients with Emergency Medi-Cal and prescriptions are not covered)
 - b. Patient support services
 - i. Case management;
 - ii. Hard to recruit specialties such as Orthopedics, Urology, Gastroenterology;
 - iii. Care coordination;
 - iv. Disease-state programs, such as Infectious Disease, HIV/AIDS;
 - v. Health education
- iv. Submit an application to DHCS demonstrating compliance with items (i) through (iii) of this section at the time and in the manner specified by DHCS.

4. APM Payment Methodology

APM = [Applicable Office Visit PPS or Office Visit APM for the visit] +
[SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS]

- a. The supplemental payments will be paid per-visit for visits provided by eligible centers during the program period.
- b. The pool amounts will be determined by the following formulas:
 - i. Program Period 1: $\$52,500,000 \times [\text{number of adjudicated visits provided by all participating centers with dates of service from January 1, 2022 – June 30, 2022} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from January 1, 2022 – June 30, 2022}.$
 - ii. Program Period 2: $\$105,000,000 \times [\text{number of adjudicated visits provided by all participating centers with dates of service from July 1, 2022 – June 30, 2023} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-}$

- HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from July 1, 2022 – June 30, 2023.
- iii. Program Period 3: $\$105,000,000 \times [\text{number of adjudicated visits provided by all participating centers with dates of service from July 1, 2023 – December 31, 2023} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from July 1, 2023 – June 30, 2024}]$.
 - iv. Program Period 4: $\$52,500,000 \times [\text{number of adjudicated visits provided by all participating centers with dates of service from July 1, 2024 – December 31, 2024} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B) with dates of service from July 1, 2024 – December 31, 2024}]$.
- c. The final per-visit supplemental payment for program period 1 will be calculated based on the pool amount determined in 4.b.i divided by the total adjudicated visits provided by all participating centers with dates of service from January 1, 2022 – June 30, 2022. The final per-visit supplemental payment for program period 2 will be based on the pool amount determined in 4.b.ii divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2022 to June 30, 2023. The final per-visit supplemental payment for program period 3 will be based on the pool amount determined in 4.b.iii divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2023 to June 30, 2024. The final per-visit supplemental payment for program period 4 will be based on the pool amount determined in 4.b.iv divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2024 to December 31, 2024.
- i. An Interim rate will be determined as follows:
 - A. For Program Period 1: Pool size will be determined by the formula of $\$52,500,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\%} \div \text{the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B)}]$. The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.

- B. For Program Period 2: Pool size will be determined by the formula of $\$105,000,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\%}]$ divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
- C. For Program Period 3: Pool size will be determined by the formula of $\$105,000,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\%}]$ divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
- D. For Program Period 4: Pool size will be determined by the formula of $\$52,500,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\%}]$ divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Supplement 36 to Attachment 4.19-B). The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
- E. The interim rate will be paid during each program period on a per-visit basis.
- F. Historically adjudicated visits will be determined as follows: For Program Period 1, the adjudicated visits will be for the claims adjudicated for dates of service from July 1, 2020 to June 30, 2021. For Program Period 2, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2021 to December 31, 2021. For Program Period 3, the adjudicated visits will be for the claims adjudicated for

dates of service from January 1, 2022 to December 31, 2022. For Program Period 4, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2023 to December 31, 2023.

- ii. The final per-visit rate will be calculated no sooner than 90 days after the end of the program period based on adjudicated visits for all participating clinics or centers (including clinics participating under Supplement 36 to Attachment 4.19-B) during the applicable program period. The department will use the adjudicated claim data from the California Medicaid Management Information System as of 90 days after the end of each program period.
- iii. No later than 180 days after the end of each program period, the department will complete a reconciliation of interim to final supplemental payment amount for each participating clinic.
 - A. The final supplemental payment will be calculated by multiplying the final per-visit rate determined in (ii) by the number of adjudicated visits.
 - B. If the amount calculated is greater than the total amount of interim revenue received by the center, the center will be paid the difference.
 - C. If the amount calculated is less than the total amount interim revenue received by the center, the center will refund the difference to the state.

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

SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS

A. Amendment Scope and Authority

This amendment authorizes implementation and a payment methodology to provide supplemental payments to qualifying non-hospital 340B community clinics to secure, strengthen, and support the community clinic and health center delivery system for Medi-Cal beneficiaries. The supplemental payments will support eligible clinics that certify they are providing an additional level of engagement to integrate and coordinate health care services and manage the array of beneficiary health complexities. The supplemental payments will be available to eligible providers for services provided for dates of service from January 1, 2022 – June 30, 2022 (program period 1), July 1, 2022 – June 30, 2023 (program period 2), July 1, 2023 – June 30, 2024 (program period 3), and July 1, 2024 – December 31, 2024 (program period 4).

B. Eligible Non-hospital 340B Clinics

1. Non-hospital 340B clinics eligible for the supplemental payment under this amendment are non-hospital 340B clinics reimbursed under the 1905(a)(9) clinic benefit that meet the following conditions:
 - a. Actively enrolled as a Medi-Cal community clinic provider.
 - i. A licensed clinic operated by a tax-exempt nonprofit corporation that is supported and maintained in whole or in part by donations, bequests, gifts, grants, government funds or contributions, that may be in the form of money, goods, or services. with less than twenty percent (20%) private pay patients according to California Department of Health Care Access and Information 2022 utilization or licensed under subdivision (a) of Section 1204 that operate in a designated HRSA rural area or an exemption from licensure clinic operated by a city, county, city and county, or hospital authority or an exempt from licensure clinic operated by a federally recognized Indian tribe or tribal organization.
 - b. A 340B covered entity pursuant to Section 256b of Title 42 of the United States Code for the entire duration of each applicable program period.
 - c. Actively providing at least three of the following services under (a) or (b):
 - i. Pharmacy
 - A. Medication management;
 - B. Clinical pharmacy services;
 - C. Immunizations/ vaccines;

- D. Improving medication compliance;
- E. Opioid remediation;
- F. Patient Assistance Program (especially for patients with Emergency Medi-Cal and prescriptions are not covered)

ii. Patient support services

- A. Case management;
- B. Hard to recruit specialties such as Orthopedics, Urology, Gastroenterology;
- C. Care coordination;
- D. Disease-state programs, such as Infectious Disease, HIV/AIDS;
- E. Health education

- d. Submit an application to DHCS demonstrating compliance with items (a) through (c) of this section at the time and in the manner specified by DHCS.

C. Supplemental Payment Methodology

1. The supplemental payments will be paid per-visit for visits provided by eligible clinics during the program period.
2. The pool amounts will be determined by the following formulas:
 - a. Program Period 1: $\$52,500,000 \times [\text{number of adjudicated visits provided by all participating clinics with dates of service from January 1, 2022 – June 30, 2022} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA0-4}]$ with dates of service from January 1, 2022 – June 30, 2022.
 - b. Program Period 2: $\$105,000,000 \times [\text{number of adjudicated visits provided by all participating clinics with dates of service from July 1, 2022 – June 30, 2023} \div \text{the total number of adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA0-4}]$ with dates of service from July 1, 2022 – June 30, 2023.
 - c. Program Period 3: $\$105,000,000 \times [\text{number of adjudicated visits provided by all participating centers with dates of service from}$

- July 1, 2023 – December 31, 2023 divided by the total number of adjudicated visits for all participating clinics and centers including those authorize under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to FQHCs and RHCs for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19-B, PAGES 6AA0-4] with dates of service from July 1, 2023 – June 30, 2024.
- d. Program Period 4: \$52,500,000 x [number of adjudicated visits provided by all participating centers with dates of service from July 1, 2024 – December 31, 2024 divided by the total number of adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to FQHCs and RHCs for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19-B, PAGES 6AA0-4] with dates of service from July 1, 2024 – December 31, 2024.
3. The final per-visit supplemental payment for program period 1 will be calculated based on a pool amount determined in C.2.a divided by the total adjudicated visits provided by all participating clinics with dates of service from January 1, 2022 – June 30, 2022. The final per-visit supplemental payment for program period 2 will be based on a total pool amount determined in C.2.b divided by the total adjudicated visits provided by all participating clinics with dates of service from July 1, 2022 to June 30, 2023. The final per-visit supplemental payment for program period 3 will be based on the pool amount determined in C.2.c divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2023 to June 30, 2024. The final per-visit supplemental payment for program period 4 will be based on the pool amount determined in C.2.d divided by the total adjudicated visits provided by all participating centers with dates of service from July 1, 2024 to December 31, 2024.
- a. An Interim rate will be determined as follows:
- i. For Program Period 1: Pool size will be determined by the formula of \$52,500,000 x [number of historically adjudicated visits provided by all participating clinics trended by 5% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA0-4]. The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating clinics trended by 5%.

- ii. For Program Period 2: The interim pool size will be determined by the formula of $\$105,000,000 \times [\text{number of historically adjudicated visits provided by all participating clinics trended by 5\% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under ALTERNATIVE PAYMENT METHODOLOGY (APM) for payments to Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) for SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINICS, Attachment 4.19B, pages 6AA0-3}]$. The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating clinics trended by 5%.
- iii. For Program Period 3: Pool size will be determined by the formula of $\$105,000,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINCS, Attachment 4.19-B, pages 6AA0-4}]$. The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
- iv. For Program Period 4: Pool size will be determined by the formula of $\$52,500,000 \times [\text{number of historically adjudicated visits provided by all participating centers trended by 5\% divided by the total number of historically adjudicated visits for all participating clinics and centers including those authorized under SUPPLEMENTAL PAYMENT FOR NON-HOSPITAL 340B CLINCS, Attachment 4.19-B, pages 6AA0-4}]$. The interim rate will be determined by dividing the interim pool amount by the number of historically adjudicated visits by all participating centers trended by 5%.
- v. The interim rate will be paid during each program period on a per-visit basis.
- vi. Historically adjudicated visits will be determined as follows: For Program Period 1, the adjudicated visits will be for the claims adjudicated for dates of service from July 1, 2020 to June 30, 2021. For Program Period 2, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2021 to December 31, 2021. For Program Period 3, the adjudicated visits will be for the claims adjudicated for dates of service from January 1, 2022 to December 31, 2022. For Program Period 4, the adjudicated visits will be for the claims adjudicated for dates of service January 1, 2023 to December 31, 2023.

- b. The final per-visit rate will be calculated no sooner than 90 days after the end of the program period based on adjudicated visits for all participating clinics during the applicable program period. The department will use the adjudicated claim data from the California Medicaid Management Information System as of 90 days after the end of each program period.
- c. No later than 180 days after the end of each program period, the department will complete a reconciliation of interim to final supplemental payment amount for each participating clinic.
 - i. The final supplemental payment will be calculated by multiplying the final per-visit rate determined in (b) by the number of adjudicated visits.
 - ii. If the amount calculated is greater than the total amount of interim revenue received by the clinic, the clinic will be paid the difference.
 - iii. If the amount calculated is less than the total amount interim revenue received by the clinic, the clinic will refund the difference to the state.