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State/Territory Name: CA

State Plan Amendment (SPA) #: 23-0019

This file contains the following documents in the order

- listed:
- 1) Approval Letter
 - 2) CMS 179 Form/Summary Form (with 179-like data)
 - 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601



Financial Management Group

November 8, 2023

Michelle Baass
Director, California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: TN 23-0019

Dear Director Baass:

We have reviewed the proposed California State Plan Amendment (SPA) to Attachment 4.19-B, CA-23-0019, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on September 26, 2023. This SPA updates the reimbursement methodology for clinical laboratory or laboratory services.

Based upon the information provided by the State, we have approved the amendment with an effective date of July 1, 2023. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Blake Holt at 303-844-6218 or blake.holt@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

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

1. TRANSMITTAL NUMBER

2 3 — 0 0 1 9

2. STATE

CA3. 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

July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION

Title 42 CFR 447 Subpart F

SSA 1905(a)(3)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2023 \$(1,136,875)b. FFY 2024 \$(4,547,500)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 29 to Attachment 4.19-B, page 3d, 3f-1 & 3f-2

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Supplement 29 to Attachment 4.19-B page 3d, 3f-1 & 3f-2

9. SUBJECT OF AMENDMENT

Medi-Cal FFS reimbursement rate updates for clinical laboratory or laboratory services, effective July 1, 2023

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

Jacey Cooper

13. TITLE

State Medicaid Director

14. DATE SUBMITTED

September 26, 2023

15. RETURN TO

Department of Health Care Services

Attn: Director's Office

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

FOR CMS USE ONLY

16. DATE RECEIVED

September 26, 2023

17. DATE APPROVED

November 8, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL



20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

11/1/23: State concurs with pen and ink change to add parentheses (indicating a reduction) to the amount listed in Box 6 and to add the 1905a service category to Box 5.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

4. Effective for dates of service on or after July 1, 2023, reimbursement rates for clinical laboratory or laboratory services as described in State Plan Attachment 3.1-A, page 1, paragraph 3, entitled "Other Laboratory and X-ray services," will be established using the following methodology:
- a) The reimbursement rate for clinical laboratory or laboratory services shall be the lowest of the following:
 - (1) The amount billed;
 - (2) The charge to the general public;
 - (3) The rate in effect on the Medi-Cal fee schedule for the current state fiscal year, which shall be the lowest of the following:
 - i. The rate in effect on the Medi-Cal fee schedule as of June 30 of the previous state fiscal year; or
 - ii. 100 percent of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1 of the previous state fiscal year for the same or similar service.
 - (4) Beginning on July 1, 2023, and every three years thereafter, the weighted average of the lowest amount that third-party payers are paying for the same or similar services, but no less than 70 percent of the Medicare Clinical Laboratory rate and Medicare Physician rate effective January 1 of the previous state fiscal year for the same or similar service.
 - b) The ten percent payment reductions included in Attachment 4.19-B, page 3.3, paragraph (13), shall apply to the new rates established using the methodology described paragraph (a).
 - (1) For dates of services on or after July 1, 2022, clinical laboratory services that are 2019 novel coronavirus disease (COVID-19) diagnostic testing or specimen collection services are exempt from the ten percent payment reductions described in paragraph (13) on page 3.3 of this Attachment.
 - c) Except as otherwise noted in the State Plan, state-developed fee schedules are the same for both governmental and private providers of clinical laboratory or laboratory services. All Medi-Cal Fee-for-Service rates are published at:
<https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates>

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California**Reimbursement Methodology Table**

Paragraph	Effective Date	Percentage/Methodology	Authority
4	July 1, 2023	The reimbursement rates shall be the lowest of the following: (1) The amount billed; (2) The charge to the general public; (3) The rate in effect on the Medi-Cal fee schedule for the current state fiscal year, which shall be the lowest of the following: (i) The rate in effect on the Medi-Cal fee schedule as of June 30 of the previous state fiscal year. (ii) 100% of the lowest maximum allowance established by the federal Medicare Clinical Laboratory fee schedule and Medicare Physician fee schedule effective January 1 of the previous state fiscal year for the same or similar service; (4) Beginning on July 1, 2023, and every three years thereafter, the weighted average of the lowest amount that third-party payers are paying for the same or similar services, but no less than 70 percent of the Medicare Clinical Laboratory rate and Medicare Physician rate effective January 1 of the previous state fiscal year for the same or similar service.	California Welfare and Institutions Code sections 14105.22 and 14105.222
1(f)(2)	January 1, 2023	Reimbursement rates will be established based upon the rates in effect and approved in the State Plan as of December 31, 2022.	California Welfare and Institutions Code section 14105.48
1(f)(2)	January 1, 2024	Reimbursement rates will be the rates in effect on the Medi-Cal Fee schedule for the current calendar year, which shall be the lowest of the following: i) The rate in effect on the Medi-	California Welfare and Institutions Code section 14105.48

TN No: 23-0019

Supersedes

TN No: 22-0073Approval Date: November 8, 2023 Effective Date: July 1, 2023

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: California

Paragraph	Effective Date	Percentage/Methodology	Authority
		<p>Cal Fee Schedule as of December 31 of the preceding calendar year; or</p> <p>ii) 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 in the current calendar year</p>	

TN No: 23-0019

Supersedes

TN No: 22-0073Approval Date: November 8, 2023 Effective Date: July 1, 2023