

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

601 E. 12th St., Room 355

Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

August 9, 2024

Tyler Sadwith
State Medicaid Director
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

Re: California State Superior Systems Waiver Renewal for 2024-2029

Dear Director Sadwith:

On July 10, 2024, the Department of Health Care Services (DHCS) submitted a request to renew the Superior Systems Waiver (SSW) from October 1, 2024, through September 30, 2029, to the Centers for Medicare & Medicaid Services (CMS). This waiver will continue to waive Medicare utilization review (UR) requirements for acute inpatient hospitalization in the Medi-Cal Fee-For-Service (FFS) system and allow the state to apply Medicaid-specific UR approaches as described below and in more detail in its renewal application.

CMS conducted a review of the renewal request according to statutory requirements in Title XIX of the Social Security Act (the Act), specifically Section 1903(i)(4) of the Act. This letter informs you that CMS approved the SSW on August 9, 2024, with an effective date of October 1, 2024, through September 30, 2029.

The SSW renewal documents describe the Medi-Cal FFS UR system used by Designated Public Hospitals (DPH), Non-Designated Public Hospitals (NDPH), and private hospitals. The approaches are: 1) the Treatment Authorization Request (TAR) process whereby applicable hospitals submit TAR requests to DHCS for review and approval prior to claiming services, and 2) the TAR-Free process whereby applicable hospitals use evidenced-based standardized medical review criteria to establish medical necessity and claims for services, followed by a DHCS compliance review. By applying the utilization medical review by hospital type, DHCS can contain the costs associated with acute inpatient hospital stays and meet the needs of the distinct hospital types.

DHCS anticipates that during this renewal period, Medi-Cal may transition reimbursement for DPHs to a Diagnosis Related Group (DRG) payment methodology. If this change is made, then DHCS also will change its DPH UR approach from reviewing each day within the post-payment sample to reviewing each admission to ensure that medical necessity is met. As discussed in the renewal submission, if this change occurs, DHCS will provide CMS with progress updates on implementing this new reimbursement methodology.

CMS appreciates DHCS' collaboration on this renewal. We look forward to the department's continued work on the SSW. If you have any questions, please contact Cheryl Young at 415-744-3598 or via email at Cheryl.Young@cms.hhs.gov.

Sincerely,

James G. Scott, Director
Division of Program Operations

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