

**DEPARTMENT OF HEALTH CARE SERVICES  
NOTICE OF GENERAL PUBLIC INTEREST**

**PROPOSED ONE-YEAR SUPPLEMENTAL PAYMENT FOR INTERMEDIATE CARE  
FACILITIES FOR THE DEVELOPMENTALLY DISABLED INCLUDING HABILITATIVE  
AND NURSING FACILITIES USING PROPOSITION 56 TOBACCO TAX FUNDS  
ALLOCATED FOR THE 2017-18 STATE FISCAL YEAR**

This notice provides information of public interest that the Department of Health Care Services (DHCS) will submit a State Plan Amendment 17-028 to authorize a time-limited supplemental payment program for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N).

On November 8, 2016, California voters approved the California Healthcare, Research and Prevention Tobacco Tax Act (commonly known as Prop. 56) to increase the excise tax rate on cigarettes and tobacco products. Under Prop. 56, a specified portion of the tobacco tax revenue is allocated to DHCS for use as the nonfederal share of health care expenditures in accordance with the annual state budget process. Assembly Bill (AB) No. 120 (Stats. 2017, ch. 22, § 3, Item 4260-101-3305) amends the Budget Act of 2017 to appropriate Prop. 56 funds for specified DHCS health care expenditures during the 2017-18 state fiscal year. This includes up to \$26.7 million allocated for supplemental payments to ICF/DD, ICF/DD-H, and ICF/DD-N.

The proposed supplemental payment program for ICF/DD, ICF/DD-H, and ICF/DD-N will consist of the following:

- An additional payment calculated based on the difference between the frozen rate at the 2008-09 65<sup>th</sup> percentile increased by 3.7% pursuant to ABX 2 1 (Stats. 2016-17, 2nd Ex. Sess., ch. 3, §14), and the 2017-18 unfrozen rate.

DHCS projects the overall budgetary impact of the proposed supplemental payments to result in an aggregate expenditure increase of \$53.4 million in total funds, including \$26.7 million in Prop. 56 funds.

The proposed effective date for this SPA is August 1, 2017, with a proposed end date of July 31, 2018. The proposed SPA 17-028 is subject to approval by the federal Centers for Medicare and Medicaid Services (CMS).

**Public Review and Comments**

Upon submission to CMS, a copy of proposed SPA 17-028 will be published at:  
[http://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending\\_2017.aspx](http://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending_2017.aspx)

If you would like to view SPA 17-028 in person once it becomes available, please visit your local county welfare department. You may also request a copy of the proposed SPA from the mailing address or e-mail address below.

Any written comments may be sent to: Department of Health Care Services, Fee-For-Service Rates Development Division, 1501 Capitol Avenue, MS 4600, Sacramento, California 95899-7417, or may be emailed to [Publicinput@dhcs.ca.gov](mailto:Publicinput@dhcs.ca.gov). Please indicate SPA 17-028 in the subject line or message.

A copy of submitted public comments related to SPA 17-028 may be requested in writing to the mailing address or e-mail inbox identified above.

Release date: June 30, 2017