Dear Mr. Douglas:

Enclosed is an approved copy of California State Plan Amendment (SPA) 11-014. This SPA was submitted to my office on May 12, 2011 requesting to amend the State Plan to eliminate the coverage of Adult Day Health Care (ADHC) services.

The effective date of this SPA is September 1, 2011. Enclosed are the following approved SPA pages that should be incorporated into your approved State Plan:

- Limitations on Attachment 3.1-A, page 19
- Limitations on Attachment 3.1-B, page 19
- Attachment 4.19B, page 6C
- Attachment 4.19B, page 6D
- Supplement 6 to Attachment 4.19-B, page 2

The approval of this State Plan Amendment relates solely to the availability of Federal Financial Participation (FFP) for Medicaid covered services. This action does not in any way address the State’s independent obligations under the Americans with Disabilities Act or the Supreme Court’s Olmstead decision.
TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

1. TRANSMITTAL NUMBER: 11-014
2. STATE: California
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE: September 1, 2011

5. TYPE OF PLAN MATERIAL (Check One):
   - NEW STATE PLAN
   - AMENDMENT TO BE CONSIDERED AS NEW PLAN
   - AMENDMENT

   COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. Part 440

7. FEDERAL BUDGET IMPACT:
   - FFY 2011-2012: -$176 million (Reduction)
   - FY 2010: -$14,000,000 (Reduction)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   - Limitations on Attachment 3.1-A, page 19
   - Limitations on Attachment 3.1-B, page 19
   - Attachment 4.19-B, page 6C
   - Attachment 4.19-B, page 6D
   - Supplement 6 Attachment 4.19B, page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   - Limitations on Attachment 3.1-A, page 19
   - Limitations on Attachment 3.1-B, page 19
   - Attachment 4.19-B, page 6C
   - Attachment 4.19-B, page 6D
   - Supplement 6 Attachment 4.19B, page 2

10. SUBJECT OF AMENDMENT:
    Elimination of Adult Day Health Care (pursuant to state legislation).

11. 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:
     The Governor's Office does not wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Toby Douglas
14. TITLE: Director
15. DATE SUBMITTED: 5/12/11

16. RETURN TO:
    Department of Health Care Services
    Attn: State Plan Coordinator
    1501 Capitol Avenue, Suite 713.26
    M.S. 4506
    P.O. Box 997417
    Sacramento, CA 95899-7417

17. DATE RECEIVED: 5/12/11
18. DATE APPROVED: JUL - 1 2011

19. EFFECTIVE DATE OF APPROVED MATERIAL: 9/1/11
20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Gloria Nagle
22. TITLE: Associate Regional Administrator

23. REMARKS:
    Pen and ink changes to Box 7 confirmed via State responses to CMS comments dated June 8, 2011.
If you have any questions, please contact Kristin Curran Dillon by phone at (415) 744-3579 or by email at Kristin.Dillon@cms.hhs.gov.

Sincerely,

[Signature]

Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children’s Health Operations

Enclosure

cc:  Jean Close, Centers for Medicare and Medicaid Services
     Elizabeth Garbarczyk, Centers for Medicare and Medicaid Services
     Vickie Orlich, California Department of Health Care Services
     Christopher Thompson, Centers for Medicare and Medicaid Services
     Kathryn Waje, California Department of Health Care Services
<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Program Description</th>
<th>Prior Authorization or Other Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>13d.1 (Intentionally left blank)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13d.2 Chronic dialysis services</td>
<td>Covered as an outpatient services when provided by renal dialysis centers or community hemodialysis units. Includes physician services, medical supplies, equipment, drugs, and laboratory tests.</td>
<td>Prior authorization is required for the facility but not the physician. Initial authorization may be granted up to three months. Reauthorization may be granted up to 12 months.</td>
</tr>
<tr>
<td>13d.3 Outpatient heroin detoxification services</td>
<td>Daily treatment is covered through the 21st day.</td>
<td>Prior authorization is required.</td>
</tr>
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<td>13d.4 Rehabilitative mental health services for seriously emotionally disturbed children</td>
<td>See 4b EPSDT program coverage.</td>
<td>Medical necessity is the only limitation.</td>
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* Prior authorization is not required for emergency service.
** Coverage is limited to medically necessary services.
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<tr>
<td>13d.2 Chronic dialysis services</td>
<td>Covered as an outpatient services when provided by renal dialysis centers or community hemodialysis units. Includes physician services, medical supplies, equipment, drugs, and laboratory tests. Home dialysis and continuous ambulatory peritoneal dialysis are covered.</td>
<td>Prior authorization is required for the facility but not the physician. Initial authorization may be granted up to three months. Reauthorization may be granted up to 12 months. Inpatient hospitalization for patients undergoing dialysis requires prior authorization.</td>
</tr>
<tr>
<td>13d.3 Outpatient heroin detoxification services</td>
<td>Daily treatment is covered through the 21st day.</td>
<td>Prior authorization is required. Additional charges may be billed for services medically necessary to diagnose and treat diseases which the physician believes are concurrent with, but not part of, the outpatient heroin detoxification services.</td>
</tr>
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<td>13d.4 Rehabilitative mental health services for seriously emotionally disturbed children</td>
<td>See 4b EPSDT program coverage.</td>
<td>Medical necessity is the only limitation.</td>
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* Prior authorization is not required for emergency service.
** Coverage is limited to medically necessary services.
midwife, clinical psychologist, licensed clinical social worker, or visiting nurse, hereafter referred to as a "health professional," to the extent the services are reimbursable as covered benefits under C.1.(a). For purposes of this subparagraph 2(a), "physician" includes the following:

(i) A doctor of medicine or osteopathy licensed by the State to practice medicine and/or surgery and who is acting within the scope of his/her license.

(ii) A doctor of podiatry licensed by the State to practice podiatric medicine and who is acting within the scope of his/her license.

(iii) A doctor of optometry licensed by the State to practice optometry and who is acting within the scope of his/her license.

(iv) A chiropractor licensed by the State in the practice of chiropractic and who is acting within the scope of his/her license.

(v) A doctor of dental surgery (dentist) licensed by the State to practice dentistry and who is acting within the scope of his/her license.

Inclusion of a professional category within the term "physician" is for the purpose of defining the professionals whose services are reimbursable on a per visit basis, and not for the purpose of defining the types of services that these professionals may render during a visit (subject to the appropriate license).

(b) Comprehensive perinatal services when provided by a comprehensive perinatal services practitioner.

TN No. 11-014
Supersedes
TN No. 09-015

Approval Date JUL - 1 2011
Effective Date 9/1/2011
3. Encounters with more than one health professional and multiple encounters with the same health professional that take place on the same day and at a single location constitute a single visit. More than one visit may be counted on the same day (which may be at a different location) in either of the following situations:

(a) When the clinic patient, after the first visit, suffers illness or injury requiring another diagnosis or treatment, two visits may be counted.

(b) The clinic patient has a face-to-face encounter with a dentist and then also has a face-to-face encounter with any one of the following providers: physician (as defined in subparagraphs C.2(a)(i)-(iv)), physician assistant, nurse practitioner, certified nurse midwife, clinical psychologist, licensed clinical social worker, visiting nurse, or a comprehensive perinatal services practitioner.

D. Prospective Payment Reimbursement

An FQHC or RHC that does not elect the alternative payment reimbursement methodology under Section E will receive reimbursement under the following prospective payment reimbursement methodology provisions:

1. On July 1, 2001, DHS implemented a prospective payment reimbursement methodology on a phased-in basis. Each FQHC or RHC receives payment in an amount calculated using the methodology described under paragraphs D.2 and D.4 effective the first day of the fiscal year on or after July 1, 2001. For the period January 1, 2001, until the payment methodology described in this Section D became effective for a particular facility, each FQHC or RHC was paid in accordance with Section H.

2. (a) Beginning on January 1, 2001, the prospective payment reimbursement rate for an FQHC or RHC was equal to 100 percent of the average reported cost-based reimbursement rate per visit for fiscal years 1999 and 2000 for the FQHC or the RHC, as determined in accordance with cost reimbursement principles for allowable costs explained in 42 CFR Part 413, as well as, Generally Accepted Accounting Principles. For each FQHC or
REIMBURSEMENT FOR INDIAN HEALTH SERVICES
AND TRIBAL 638 HEALTH FACILITIES

A. Below is a list of health professionals that may bill under the IHS all-inclusive rate:

- Physician
- Physician Assistant
- Nurse Practitioner
- Nurse Midwife
- Clinical Psychologist, when provided to beneficiaries identified under Item C below.
- Clinical Social Worker, when provided to beneficiaries identified under Item C below.
- Visiting Nurse if services are provided in the Tribal facilities
- Comprehensive Perinatal Services Program (CPSP): Registered Nurse, Dietitian, Health Educator, Childbirth Educator, Licensed Vocational Nurse, and Comprehensive Perinatal Health Worker. A September 17, 1985 HCFA letter allows these services as a physician or clinic service.
- Under the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT), the services of Licensed Marriage, Family and Child Counselors are available as ‘other health visit’ to persons under 21 years of age, as a result of an EPSDT screening which identifies the need for a service which is necessary to correct or ameliorate a mental illness or condition.

B. Except for the services specified under C below, the following other ambulatory services, but not limited to, provided by health professional can be billed under the IHS all-inclusive rate.

- Medical and surgical services provided by a doctor of dental medicine or dental surgery, which if provided by a physician would be considered physician services
- Physical Therapy
- Occupational Therapy
- Drug and Alcohol visits (Subject to Medi-Cal provider participation requirements)
- Telemedicine
- Optometry (Eyeglasses and other eye appliances are restricted to beneficiaries identified under Item C below)

C. Dental service, acupuncture, audiology, chiropractic, eyeglasses and other eye appliances, podiatry, psychology and speech therapy are covered benefits under this state plan only for the following beneficiaries:

1. Pregnant women if these optional benefits are part of their pregnancy-related services or for services to treat a condition that might complicate the pregnancy.
2. Individual who is an eligible beneficiary under the Early and Periodic Screening Diagnosis and Treatment Program.