

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

October 9, 2020

Jacey Cooper
Chief Deputy Director, Health Care Programs
CA Department of Health Care Services
Director's Office, MS 0000
P.O. Box 997413
Sacramento, CA 95899-7418

Re: California 438.6(c) Proposal E Approval

Dear Ms. Cooper:

In accordance with 42 Code of Federal Regulations (CFR) 438.6(c), the Centers for Medicare & Medicaid Services (CMS) has reviewed and is approving California's submission of a proposal for delivery system and provider payment initiatives under Medicaid managed care plan contracts. The proposal was received by CMS on June 30, 2019.

Specifically, the following proposal for delivery system and provider payment initiatives(i.e., state directed payment) is approved:

- Uniform dollar increase for contracted inpatient and non-inpatient services provided by the following designated provider classes for the rating period covering July 1, 2019 through December 31, 2020:
 - County-operated or affiliated Designated Public Hospitals (DPH) or DPH Multi-Hospital Systems, with Level 1 or 2 Trauma that are predominantly reimbursed from their Managed Care Plans on a FFS basis that does not include capitation for hospital inpatient services;
 - Other County-operated or affiliated Designated Public Hospitals (DPH) or DPH Multi-Hospital Systems, that are predominantly reimbursed from their Managed Care Plans on a FFS basis that does not include capitation for hospital inpatient services; and
 - University of California (UC) Hospitals

This approval letter does not constitute approval of any Medicaid managed care plan contracts or rate certifications for the aforementioned rating period, or any specific Medicaid financing mechanism used to support the provider payment arrangement. All other federal laws and regulations apply. This approval letter only satisfies the regulatory requirement pursuant to 42 CFR 438.6(c)(2) for written approval prior to implementation of any payment arrangement described in 42 CFR 438.6(c)(1). Approval of the corresponding Medicaid managed care plan contracts and rate certifications is still required.

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Please note that this payment arrangement must be addressed in the applicable rate certifications. The state is always required to submit a contract action(s) to incorporate the contractual obligation for the state directed payment and related capitation rates that include this payment arrangement. CMS is happy to provide technical assistance to states and their actuaries.

CMS is able to approve this preprint with a requirement that the state provide evaluation results for Year 1 of the payment arrangement as part of the state's CY 2021 preprint submission for prior approval under 42 CFR 438.6(c).

If you have questions concerning this approval or state directed payments in general, please contact Alex Loizias, Division of Managed Care Reimbursement Policy, at (410) 786-2435, Alexandra.Loizias@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Bill Brooks". The signature is written in a cursive, slightly slanted style.

Bill Brooks, Director
Division of Managed Care Plan Operations