

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
1301 Young Street, Suite 900  
Dallas, Texas 75202



Medicaid and CHIP Operations Group

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June 12, 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: CA 438.6(c) Proposal C 2020 Approval Letter

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 is approved:

- Uniform Dollar Increase per adjudicated claim for private hospitals as defined in CA Welfare & Institutions Code §14169.51(ap) for the rating period covering July 1, 2019 through December 31, 2020.

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.

Note that this payment arrangement must be addressed in the applicable rate certifications.

Additionally, the state advised during the review process that it plans to have Year 1 evaluation findings ready by the end of the first quarter of next year. Please provide those findings to CMS as soon they become available. CMS also requests that the state include at least one outcome measure in next year's preprint proposal to better show the impact of this payment arrangement on the quality strategy goal. CMS would be happy to provide any technical assistance necessary.

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If you have questions concerning this letter, please contact Laura Snyder, Division of Managed Care Policy at (410) 786-3198, Stephanie Sale at (214) 767-4419, or Kitaho Kato at (415) 744-3639.

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

Cc: Laura Synder, DMCP