



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: MAY 29, 2025

PROPOSED STATE PLAN AMENDMENT TO EXTEND THE SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON- DESIGNATED PUBLIC HOSPITALS PROGRAM TO JUNE 30, 2026

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). Proposed SPA #25-0011 will extend the Supplemental Reimbursement for the Qualified Non-Designated Public Hospitals (NDPHs) program to June 30, 2026, at which time the program will sunset.

DHCS currently provides supplemental payments to qualified NDPHs who meet specified requirements and provide services to Medi-Cal beneficiaries. The continuation of the Program for another year will allow for enhanced Medi-Cal payments to NDPHs and improve the availability of essential services for Medi-Cal beneficiaries.

Additionally, DHCS is seeking to restructure the payment methodology with expanded eligibility criteria for State Fiscal Year (SFY) 2025-26 to California State Plan, Supplement 2 to Attachment 4.19-A, pages 7-10. The total pool increases to \$17,855,445 in State General Funds, carryover funds, and Federal Funds for SFY 2025-26.

The effective date of the proposed SPA is July 1, 2025. All proposed SPAs are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

Public Review and Comments

Upon submission to CMS, a copy of proposed SPA #25-0011 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2025.aspx>.



If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA #25-0011 using the mailing or email address listed below.

Written comments may be sent to the following address:

Department of Health Care Services
Safety Net Financing Division
Attn: Gina Giannini
P.O. Box 997436, MS 4504
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #25-0011 in the subject line or message.

A copy of submitted public comments to SPA #25-0011 may be requested in writing to the mailing or email address identified above.

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: CALIFORNIA**

**SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON-DESIGNATED
PUBLIC HOSPITALS**

This segment of the State Plan describes an enhanced Medi-Cal payment for non-designated public hospitals that have a need for assistance in ensuring the availability of essential services for Medi-Cal beneficiaries, and that meet the requirements in Section A below.

The Non-Designated Public Hospital (NDPH) Supplemental Fund program (Fund) was established under a Social Security Act (SSA) section 1915(b) waiver (and starting in 2005 under a SSA section 1115(a) Medicaid Demonstration) granting the Department of Health Care Services (DHCS) authority to make NDPH supplemental payments to hospitals participating in the Medi-Cal Selective Provider Contracting Program (SPCP). The SPCP for the NDPHs ended on December 31, 2013. This section of Attachment 4.19-A is written to continue DHCS' federal authority to provide supplemental reimbursement payments to NDPHs participating in the NDPH Supplemental Fund Program.

The effective date of this SPA is July 1, 2025.

A. DEFINITION OF AN ELIGIBLE NON-DESIGNATED PUBLIC HOSPITAL

1. A non-designated public hospital is defined as a facility that is a public hospital defined in paragraph (25), of subdivision (a) of section 14105.98 of the Welfare & Institutions Code, as the law was in effect on July 1, 2025, excluding designated public hospitals as defined in subdivision (d) of section 14166.1 of the Welfare & Institutions Code.
2. For payments described under Section B. 1, an eligible hospital is a NDPH that is Medi-Cal certified, had its SPCP contract inactivated on January 1, 2014, and that meets the criteria below:
 - a. The hospital meets all of the following criteria:
 - i. The hospital meets the criteria contained in the Medicaid State Plan for Disproportionate Share Hospital (DSH) status.
 - b. The hospital is one of the following:

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- i. A licensed provider of basic emergency services as described in section 70411 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2025.
- ii. A licensed provider of comprehensive emergency medical services as defined in section 70451 of title 22 of the California Code of Regulations, as the law was in effect on July 1, 2025.
- iii. The hospital is a licensed provider of standby emergency services as described in section 70649 of title 22 of the California Code of Regulations, as the regulation was in effect on July 1, 2025, and the hospital is a small and rural hospital as defined in section 124840 of the Health and Safety Code, as the law was in effect on July 1, 2025.

3. For payments described under section B.2, an eligible hospital is an NDPH as defined in Section A.1.

B. PAYMENT METHODOLOGY FOR ELIGIBLE NON-DESIGNATED PUBLIC HOSPITALS:

- 1. Supplemental reimbursement provided by this program will be distributed under a payment methodology based on hospital services provided to Medi-Cal patients at the eligible hospital. The payment methodology for State Fiscal Year (SFY) 2025-26 will be as described below:
 - a. DHCS shall identify DSH eligible hospitals for the applicable fiscal year from the Final DSH Eligibility List adopted by DHCS.
 - b. The aggregate supplemental payment amount of \$3,800,000, will be paid to hospitals on April 1, 2026, for SFY 2025-26 or as soon thereafter as practicable but no later than the end of the respective state fiscal year, as follows:
 - i. If the hospital is eligible to participate in the SFY 2025-26 supplemental program and also participated in the SFY 2024-25 supplemental program, the funding that the hospital

TN No. 25-0011

Supersedes:

TN No. 24-0014

Approval Date_____

Effective Date: July 1, 2025

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received in SFY 2024-25 will be its amount for the SFY 2025-26 program.

- ii. If the hospital is eligible to participate in the SFY 2025-26 program, but did not participate in the SFY 2024-25 program, then its amount will be the payment it received in the most recent year in which it participated.
 - iii. For any hospital eligible to participate in the SFY 2025-26 program that has not previously been eligible to participate in NDPH supplemental payment distributions, an amount of \$50,000 will be paid to the hospital for services rendered in SFY 2025-26.
 - iv. If the fund balance is lower than the amount needed to pay after paragraph B.1.b.i., ii., and iii is determined, then a pro rata reduction will be applied to all SFY 2025-26 eligible hospitals. If the fund balance is higher than the amounts in paragraph B.1.b.i., ii., and iii, then DHCS will pro-rate any remaining funds to the SFY 2025-26 eligible hospitals.
2. For SFY 2025-26, in addition to the aggregate supplemental payment amount identified in B.1.b for SFY 2025-26, an additional amount of \$14,055,445 will be distributed to eligible hospitals as defined in Section A.3, in SFY 2025-26 as described below:
- a. The supplemental payment distribution to eligible hospitals in SFY 2025-26 will be paid to hospitals on April 1, 2026, or as soon thereafter as practicable but no later than the end of the respective state fiscal year, as follows:

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- i. The aggregate payment amount under paragraph B.2 will be distributed pro-rata amongst eligible hospitals utilizing a per diem distribution method based on Final DSH Medicaid Inpatient Utilization Rate (MIUR) fee for service (FFS) days for the applicable SFY. The per diem rate is calculated by dividing the aggregate payment amount under paragraph B.2 by FFS MIUR days for all eligible hospitals. The per diem rate is then multiplied by each eligible hospital's FFS MIUR total to arrive at the total payment per diem amount for each eligible hospital.
- b. If there is a remaining balance after B.2.a.i, payments are calculated for each eligible hospitals, the remaining balance will be distributed using the same methodology described in B.2.a.i

C. DEPARTMENT'S RESPONSIBILITIES

- 1. Aggregate Medi-Cal reimbursement provided to non-designated public hospitals will not exceed applicable federal upper payment limits, including title 42 Code of Federal Regulations sections 447.271 and 447.272.
- D.** Supplemental reimbursement under this program will sunset, effective for services provided on and after July 1, 2026.