



March 20, 2023

*THIS LETTER SENT VIA EMAIL*

Mr. James G. Scott, Director  
Division of Program Operations  
Medicaid and CHIP Operations Group  
Centers for Medicare & Medicaid Services  
601 East 12<sup>th</sup> Street, Suite 0300  
Kansas City, MO 64106-2898

**STATE PLAN AMENDMENT 23-0004: MEDI-CAL REIMBURSEMENT RATES FOR RADIOLOGY SERVICES**

Dear Mr. Scott:

The Department of Health Care Services (DHCS) is submitting State Plan Amendment (SPA) 23-0004 for your review and approval. SPA 23-0004 seeks federal authority to adjust Medi-Cal fee-for-service (FFS) reimbursement rates for Radiology Services, effective January 1, 2023.

Welfare and Institutions Code (WIC) section 14105.08 requires that Medi-Cal reimbursement rates for Radiology Services not exceed 80 percent of the lowest maximum allowance established under the federal Medicare Program for the same or similar services. This SPA proposes to establish a reimbursement methodology to conduct an annual rate review and to adjust Medi-Cal FFS rates for Radiology Services if they exceed 80 percent of the corresponding Medicare rate. The reimbursement methodology provides that effective January 1, 2023, and on January 1 each year thereafter, rates exceeding 80 percent of the most current Medicare rate will be reduced to 80 percent of the corresponding Medicare rate. Radiology services include diagnosis, treatment, and intervention using medical imaging techniques.

A Notice of Public Interest and Request for Public Input for SPA 23-0004 was published on December 28, 2022, on the DHCS website. On February 21, 2023, CMS informed DHCS that a tribal notice is not required for this SPA.

The following SPA documents are enclosed for your review and approval:

- CMS 179 Form
- Budget Impact Explanation
- Standard Medicaid Funding Questions
- Radiology Services Access Study

- Attachment 4.19-B, page 3k – Redline version
- Attachment 4.19-B, page 3k – Clean version

If you have any questions or need additional information, please contact Mr. Alek Klimek, by phone at (916) 650-0171, or by email at [Alek.Klimek@dhcs.ca.gov](mailto:Alek.Klimek@dhcs.ca.gov).

Sincerely,



Jacey Cooper  
State Medicaid Director  
Chief Deputy Director  
Health Care Programs

Enclosures

cc: Lindy Harrington  
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**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX

XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY \_\_\_\_\_ \$ \_\_\_\_\_  
b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

10. 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:  
Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED  
March 20, 2023

15. RETURN TO

**FOR CMS USE ONLY**

16. DATE RECEIVED

17. DATE APPROVED

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: California

REIMBURSEMENT METHODOLOGY FOR RADIOLOGY SERVICES

- 1) The methodology utilized by the State Agency in establishing Medi-Cal fee-for-service reimbursement rates for Radiology services, as described in State Plan Attachment 3.1-A and 3.1-B, will be as follows:
  - a. For dates of service on or after January 1, 2023, the reimbursement rates shall be the lowest of the following:
    - i. The amount billed;
    - ii. The charge to the general public;
    - iii. The rate in effect on the Medi-Cal Fee Schedule for the current calendar year, which shall be the lowest of the following:
      1. The rate in effect on the Medi-Cal Fee Schedule as of December 31 of the preceding calendar year; or
      2. 80 percent of the corresponding Medicare Physician Fee Schedule rate in effect for the current calendar year, for the same or similar service.
        - a) The rate described in paragraph 1.a.iii.2 may be adjusted to keep the Medi-Cal rate at 80 percent of the lowest maximum allowance established by the federal Medicare program, if in calculating the Medi-Cal rate, the conversion indicator or conversion factor used to calculate a unit value results in a rate greater than 80 percent.
  - b. Effective January 1, 2023, and on January 1 of each year thereafter, DHCS will adjust rates exceeding 80 percent of the corresponding Medicare Physician Fee Schedule rate for the same or similar service to 80 percent of the Medicare rate. Any rate that does not exceed 80 percent of the Medicare rate will not be adjusted.
- 2) Except as otherwise noted in the State Plan, state-developed fee schedules are the same for both governmental and private providers of radiological services. All Medi-Cal Fee-for-Service rates are published at: <https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates>