



## NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: MAY 9, 2023

### **PROPOSED STATE PLAN AMENDMENT TO EXTEND THE SUPPLEMENTAL REIMBURSEMENT FOR QUALIFIED NON- DESIGNATED PUBLIC HOSPITALS PROGRAM TO JUNE 30, 2024**

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA #23-0016 will extend the supplemental reimbursement for the Qualified Non-Designated Public Hospitals (NDPHs) program to June 30, 2024.

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 an added year will allow for enhanced Medi-Cal payments to NDPHs and improve the availability of essential services for Medi-Cal beneficiaries.

The total pool remains \$3,800,000 in State General Funds and Federal Funds for State Fiscal Year (SFY) 2023-24. This is neither an increase nor decrease in the annual aggregate expenditure compared to the prior SFY.

The effective date of the proposed SPA is July 1, 2023. All proposed SPAs are subject to approval by the Centers for Medicare and Medicaid Services (CMS).

#### **Public Review and Comments**

The proposed changes included in draft SPA #23-0016 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of proposed SPA #23-0016 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2023.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 #23-0016 or a copy of submitted public comments related to SPA #23-0016 by requesting it in writing to the mailing or email address listed below. Please indicate SPA #23-0016 in the subject line or message.

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](mailto:PublicInput@dhcs.ca.gov). Please indicate SPA #23-0016 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than June 8, 2023. Please note that comments will continue to be accepted after June 8, 2023, but DHCS may not be able to consider those comments prior to the initial submission of SPA #23-0016 to CMS.

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

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**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 Sections A and B 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, 2023.

**A. DEFINITION OF A NON-DESIGNATED PUBLIC HOSPITAL**

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, 2023, excluding designated public hospitals as defined in subdivision (d) of section 14166.1 of the Welfare & Institutions Code.

**B. DEFINITION OF AN ELIGIBLE NON-DESIGNATED PUBLIC HOSPITAL**

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 in paragraph (1) below:

1. The hospital meets all of the following criteria:
  - a. 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:

TN No. 23-0016

Supersedes:

TN No. 22-0025

Approval Date \_\_\_\_\_

Effective Date: July 1, 2023

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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, 2023.
- 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, 2023.
- 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, 2023, 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, 2023.

**C. 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) 2023-24 will be as described below; payment methodology for subsequent years will be submitted by DHCS via a revised State Plan Amendment:
  - 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, 2024 for SFY 2023-24 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 2023-24 supplemental program and also participated in the SFY 2022-23 supplemental program, the funding that the hospital

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received in SFY 2022-23 will be its amount for the SFY 2023-24 program.

- ii. If the hospital is eligible to participate in the SFY 2023-24 program, but did not participate in the SFY 2022-23 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 2023-24 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 2023-24.
- iv. If the fund balance is lower than the amount needed to pay after paragraph C.1.b.i., ii., and iii is determined, then a pro rata reduction will be applied to all SFY 2023-24 eligible hospitals. If the fund balance is higher than the amounts in paragraph C.1.b.i., ii., and iii, then DHCS will pro-rate any remaining funds to the SFY 2023-24 eligible hospitals.

**D. 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.

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