



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: AUGUST 28, 2023

PROPOSED STATE PLAN AMENDMENT TO INCREASE REIMBURSEMENT RATES FOR SPECIFIED SERVICES

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA 23-0035 will provide reimbursement rate increases for primary care, obstetric, and non-specialty mental health services effective for dates of service on or after January 1, 2024. DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning proposed SPA 23-0035, which is attached.

Pursuant to the 2023 Budget Act and Assembly Bill (AB) 118 (Chapter 42, Statutes of 2023), and Welfare and Institutions Code section 14105.201, DHCS will provide reimbursement rate increases for specified services for dates of service on or after January 1, 2024. DHCS will, as applicable, establish rates for the services listed below at the greater of: 87.5% of the Medicare rate for the same or similar service; or the rate, inclusive of eliminating AB 97 provider payment reductions and incorporating applicable Proposition 56 supplemental payments into the base rate, in effect on December 31, 2023. For eligible services that do not have a rate established by Medicare, DHCS will determine the benchmark rate of which to calculate 87.5%.

Services subject to this rate methodology:

- Primary care services, including those provided by nurse practitioners and physician assistants, billed using the Health Insurance Claim Form (CMS-1500)
- Obstetric care services, including doula services
- Non-specialty outpatient mental health services

Providers eligible for the rate increases, as applicable:

- Physicians, nurse practitioners, and physician assistants with a primary care, psychiatric, obstetric, or related provider taxonomy established by the National Uniform Claim Committee providing primary care services



- Providers of obstetric and non-specialty outpatient mental health services

DHCS estimates that the annual aggregate Medi-Cal expenditures as a result of this proposed SPA will increase by \$569 million in total funds.

The effective date of the proposed SPA is January 1, 2024. All 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 23-0035 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 23-0035 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 23-0035 or a copy of submitted public comments related to SPA 23-0035 by requesting it in writing to the mailing or email address listed below. Please indicate SPA 23-0035 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Fee-For-Service Rates Development Division
Attn: Alek Klimek
P.O. Box 997413, MS 4600
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA 23-0035 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 September 27, 2023. Please note that comments will continue to be accepted after September 27, 2023, but DHCS may not be able to consider those comments prior to the initial submission of SPA 23-0035 to CMS.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: California

TARGETED PROVIDER REIMBURSEMENT METHODOLOGY FOR PRIMARY CARE, OBSTETRIC CARE, DOULA, AND NON-SPECIALTY OUTPATIENT MENTAL HEALTH SERVICES

1. Notwithstanding any other provision in this Attachment, effective for dates of service on or after January 1, 2024, the reimbursement methodology in paragraph 3 applies to specified services (identified by HCPCS and CPT codes) within the below categories, as determined by the Department of Health Care Services (DHCS):

- i. Primary care services authorized in Attachment 3.1A sections 5a, 6d, and 23 and Limitations on Attachment 3.1A sections 5a, 6d.4 and 23 and billed using Health Insurance Claim Form (CMS-1500).
- ii. Obstetric care services, including doula services, authorized in Attachment 3.1A sections 5a, 6d, 13c, 17, 23, 29b and Limitations on Attachment 3.1A sections 5a, 6d.4, 6d.5 13c, 17, 23, 29b.
- iii. Non-specialty outpatient mental health services that are not the financial responsibility of the county mental health plans operating pursuant to Chapter 8.9 (commencing with Welfare and Institutions Code section 14700), authorized in Attachment 3.1A sections 2a, 6d, and Limitations on Attachment 3.1A sections 2a, 6d.1.

The HCPCS and CPT codes eligible for the Targeted Provider Rates are published at: <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>. DHCS may modify the eligible code list as necessary, such as to account for changes to coding and billing definitions, and to apply technical corrections. Such modifications will not include adjustment of rates that have been established, without a State Plan amendment or other approval of the Centers for Medicare & Medicaid Services.

2. Eligible providers include, as applicable:
- i. Physicians, nurse practitioner, and physician assistants with a primary care, psychiatric, obstetric, or related provider taxonomy established by the National Uniform Claim Committee, authorized to provide services described in paragraph 1.i
 - ii. Authorized providers of services described in paragraphs 1.ii and 1.iii

TN: 23-0035
Supersedes
TN: None

Approval Date _____ Effective Date: January 1, 2024

3. For dates of service on or after January 1, 2024, reimbursement rates will be calculated based on the greater of the following:
 - i. 87.5% of the lowest maximum allowance as established by the federal Medicare program for the same or similar service in California.
 - a. For procedure codes without a rate established by the federal Medicare program for the same or similar service, DHCS will determine the benchmark rate of which to calculate 87.5% by the following:
 1. The methodology described on page 1, paragraph C, subparagraph 1 of this Attachment, or
 2. By analyzing the relationships between current Medi-Cal rates, California commercial payment levels, and Medicare rates for comparable types of services.
 - ii. The net reimbursement level in effect on the Medi-Cal fee schedule as of December 31, 2023, inclusive of the payment reduction authorized in paragraph 13 on page 3.3 of this Attachment, and any supplemental payments or other rate increases, or both, as applicable.
4. All Medi-Cal Fee-For-Service rates, including the Targeted Provider Rates, are published at: <https://mcweb.apps.prd.cammis.medi-cal.ca.gov/rates>.

TN: 23-0035
Supersedes
TN: None

Approval Date _____ Effective Date: January 1, 2024